Mossel Bay
Municipality

Mossel Bay Municipality

Annual Financial Statements

For the year ended:
30 June 2008

INDEX

	PAGE
General Information	3
Certification by the Municipal Manager	4
Report of the Auditor-General	5
Report of the Chief Financial Officer	6 – 12
Statement of Financial Position	13
Statement of Financial Performance	14
Statement of Changes in Net Assets	15
Cash Flow Statement	16
Notes to the Annual Financial Statements:	
Note 1: Accounting Policy	17 – 32
Notes 2 - 48: Other Notes to Annual Financial Statements	33 – 54
Note 49: Disclosure requirements regarding Exemptions	55 – 62
Appendices:	
Appendix A: Schedule of External loans	63
Appendix B + B(1): Analysis of Property, Plant & Equipment	64 – 67
Appendix C: Segmental analysis of PPE	68
Appendix D: Segmental Statement of Financial Performance	69
Appendix E(1): Actual VS Budget (Revenue + Expenditure)	70
Appendix E(2): Actual VS Budget (Acquisition of PPE)	71 – 72
Appendix F: Disclosure of Grants & Subsidies	73 – 74

GENERAL INFORMATION

Mayoral Committee:

Alderlady M Ferreira (Executive Mayor)

Councillor H Levendal (Executive Deputy Mayor and Chairperson, Community Services Committee)

Clr Ms E Domingo (Chairperson, Corporate Services Committee)

Clr J van der Merwe (Chairperson, Financial Services Committee)

Alderman E Scheepers (Chairperson, Technical Services Committee)

Speaker: Alderman N Lodewyks

Ward councillors:

1 Clr R Skombingo (ANC)
2 Clr S A Maphisa (ANC)
3 Clr Ms N E Bobotyana (ANC)
4 Clr B Jacobs (ANC)
5 Clr J J Gerber (DA)
6 Alderman E Scheepers (DA)
7 Clr J van der Merwe (DA)
8 Alderman N Lodewyks (DA)
9 Clr R Damons (ICOSA)
10 Clr K Booyens (DA)
11 Clr P A du Plessis (DA)
12 Clr W Buda (ANC)

Proportional representative councillors:

Clr Ms M de Klerk (ANC)
Clr Ms E Domingo (DA)
Clr Dr C du Plessis (DA)
Alderlady M Ferreira (DA)
Clr H Floors (DA)
Clr Ms N Giles (ACDP)
Clr O Kumalo (ICOSA)
Clr H Levendal (ICOSA)
Clr Ms N C Lichaba (ANC)
Clr S Manuel (ID)
Clr Ms S Moodie (ANC)

Auditors:

The Auditor-General
Private Bag X1
CHEMPET, 7442

Bankers: NEDBANK

Municipal Manager: Mr. K Nicol

Chief Financial Officer: Mr. HF Botha

Registered Office:

Civic Centre
101 Marsh Street
Mossel Bay
6506

Postal address:

PO Box 25
Mossel Bay
6500

Telephone: (044) 606-5000
Facsimile: (044) 606-5123
E-mail: admin@mosselbaymun.co.za
Website: http://www.mosselbaymun.co.za

CERTIFICATION BY MUNICIPAL MANAGER

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 1 to 74 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in Note 27 of these Annual Financial Statements are within the upper limits of the framework envisages in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this act.

---------- ----------

Municipal Manager Date

REPORT OF THE AUDITOR-GENERAL

The report of the Auditor-General is to be added as soon as the audit process is completed.

REPORT OF THE CHIEF FINANCIAL OFFICER

1 INTRODUCTION

It gives me great pleasure to present the financial position of Mossel Bay Municipality at 30 June 2008 and the results of its operations and cash flows for the year then ended.

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

2 KEY FINANCIAL INDICATORS

The following are some of the key financial indicators, comparing the 2007/08 financial performance of the municipality to the 2006/07 comparative figures:

RATIO DESCRIPTION	*2007/08*	*2006/07*
REVENUE MANAGEMENT		
Level of reliance on government grants	**7.7%**	**13.1%**
Actual income VS Budgeted income	**20.3%**	**(2.2%)**
EXPENDITURE MANAGEMENT		
Personnel costs to total expenditure	**18.3%**	**40.8%**
Actual expenditure VS Budgeted expenditure	**15.9%**	**(6.9%)**
Interest paid as a percentage of total expenditure	**0.1%**	**0.2%**
Repairs and maintenance / Total expenditure	**5.5%**	**8.6%**
ASSET MANAGEMENT		
*Acquisition of PPE – Actual VS Budgeted***	**2302.9%**	**(25%)**
Debtors collection period	**84 days**	**100 days**
Stockholding period	**19 days**	**25 days**
DEBT MANAGEMENT		
Creditors payment period	**10 days**	**10 days**
Total liabilities / Total Assets	**4.3%**	**21.9%**

** Refer to Appendix E(2) for explanation on variance

3 OPERATING RESULTS

3.1 Summary of results

Details of the operating results per segmental classification are included in Appendix D, whilst operational results per category, together with a cryptic explanation of significant variances of more than 10 percent from the adjusted budget, are included in Appendix E(1).

DESCRIPTION	Actual 2006/07	Actual 2007/08	Variance	Adjusted Budget 2007/08	Variance
INCOME					
Opening Surplus	206 525 493	216 610 326	4.9%		
Operating income for the year	372 091 050	579 237 170	55.7%	481 605 319	20.3%
Closing Deficit	(11 053 411)	2 135 567 792	19420%		
	567 563 131	**2 931 415 287**	**416.5%**	**481 605 319**	**508.7%**
EXPENDITURE					
Opening Deficit					
Operating expenditure for the year	353 748 770	554 747 346	56.8%	478 460 825	15.9%
Sundry transfers	(1 731 474)	(13 267 753)	955%		
Surplus from discontinued operations	(1 064 490)	(16 612)	(98.4%)		
Closing Surplus	216 610 326	2 394 952 307	1005%	3 144 494	
	567 563 131	**2 391 415 287**	**416.5%**	**481 605 319**	**508.7%**

The accumulated surplus as at 30 June 2008 amounted to R2 394,95 million. The accumulated surplus as at 30 June 2007 of R216,61 million was restated with previous year corrections of R13,17 million, amounting to R234,88 million. This indicates an increase of R2 178,34 million or 919,7% in the accumulated surplus from the 2006/07 financial year. The R13,17 million restatement of the previous year accumulated surplus is due to a correction to the Post Retirement Benefit provision in respect of an error in the actuary report for the 2006/07 financial year. The reason for the excessive increase in the Accumulated surplus is a result of the capitalisation of assets not previously recognised. The capitalisation of the assets was not cash funded and therefor had a direct impact on the Capital Replacement Reserve and the Accumulated Surplus for future depreciation and financing of assets.

The operating income increased with 55,7 percent from the previous financial year income of R372,09 million. The increase in income is due to the restatement of the fair value of investment property, which was put through the Statement of Financial Performance.

The operating expenditure increased with 56,8 percent from the 2006/07 financial year. The increase in expenditure is due to inventory items which was previously classified as capital assets and was now transferred from the Asset control account to an expenditure account for Loss on disposal of Assets. This transaction was necessary to comply with the newly adopted GAMAP standards.

Council budgeted for a surplus of R3 144 494 whilst it closed the year's operational activities with a surplus of R24 506 436. It must however be taken into account that there is certain expenditure which was transferred through the Statement of Changes in Net Assets, while the expenditure was budgeted for as an expenditure in the operational budget (Statement of Financial Performance), for example:

- Transfer of Capital Grants R18 304 491
- Transfer of External Services contributions R 9 708 009

In comparison with the 2007/2008 Operating Budget, the 2007/08 actual expenditure is R76 286 521 or 15,9 percent more than the budgeted expenditure and the actual income is R97 631 851 or 20.3% more than the budgeted income, due to the above-mentioned reasons.

3.2 Rates and General services

DESCRIPTION	Actual 2006/07	Actual 2007/08	Variance	Adjusted Budget 2007/08	Variance
Income	202 439 055	386 161 217	90.8%	285 409 392	35.3%
Expenditure	239 087 954	316 217 198	32.3%	336 895 780	(6.1%)
Surplus/(deficit)	**(36 648 899)**	**69 944 019**	**(290.8%)**	**(51 486 388)**	**(235.8%)**
Surplus/(deficit) as % of total income	(18.1%)	18.1%		(18%)	

Variance from 2006/07 actual:
The surplus with regards to Rates and other General services amount to R69 944 019 for the 2007/08 financial year, whilst 2006/07 indicated a deficit of R36 648 899. The surplus for the year is due to a restatement of the fair value of investment property, which is not a cash-based transaction.

Variance from 2007/08 budget:
It is clear from the above statement that the actual income and expenses with regard to Rates and General services are within the budgeted amounts for the 2007/08 financial year.

3.3 Trading services

Council purchases electricity in bulk from ESCOM and then redistributes it to the consumers.
The tariffs of electricity are considered together with all other tariffs during the compilation of the operational budget. Any increase in electricity tariffs must be approved by the National Electricity Regulator before Council can implement it. ESCOM normally adjusts its tariffs in January of every year but Council endeavours to limit its increase to only one increase during July every year.

Council has some of its own water sources of which the Ernest Robertson Dam is the largest. Council also purchases water from the Department of Water Affairs, which is then supplied from the Klipheuwel Dam and the Wolwedans Dam.

3.3.1 Electricity

DESCRIPTION	Actual 2006/07	Actual 2007/08	Variance	Adjusted Budget 2007/08	Variance
Income	119 503 841	126 821 221	6.1%	128 585 627	(1.4%)
Expenditure	75 720 963	130 905 607	72.9%	87 660 561	49.3%
Surplus/(deficit)	**43 782 878**	**(4 084 386)**	**(109.3%)**	**40 925 066**	**(110.0%)**
Surplus/(deficit) as % of total income	36.6%	(3.2%)		31.8%	

Variance from 2006/07 actual:
The Electricity service shows a surplus for the 2006/07 and deficit for the 2007/08 financial year, with a decrease of 109,3 percent between the two years. The deficit of R4,08 million for the

2007/08 financial year represents a deficit percentage of 3,2 percent, whereas a 36,6 profit percentage was realised in the 2006/07 financial year. The reason for the deficit is due to inventory items which was previously classified as capital assets and was now transferred from the Asset control account to an expenditure account for Loss on disposal of Assets. This transaction was necessary to comply with the newly adopted GAMAP standards. Electricity purchases amounts to R50,8 million, whilst the sale of electricity amounts to R117,9 million.

Variance from 2007/08 budget:
The total actual income is 1,4 percent lower than the budgeted amount of R128,6 million for the 2007/08 financial year, whilst the expenditure is 49,3 percent more than the budgeted amount of R87,7 million, due to above-mentioned reclassification of inventory.

The following table shows the information regarding Electricity distribution:

ELECTRICITY DISTRIBUTION	2007/08 Financial year
Units Purchased (Kwh)	303,107,000
Purchase price per kwh	18,9 cent
Units Sold (Kwh)	279,083,000
Units lost during distribution (Kwh)	24,024,000
Percentage lost during distribution	7.93 %
Net purchase cost (per unit)	18,9 cent
Total cost per unit	29,49 cent
Net sales per unit	42,27 cent
Total income	R117 957 576

3.3.2 Water

DESCRIPTION	Actual 2006/07	Actual 2007/08	Variance	Adjusted Budget 2007/08	Variance
Income	54 229 262	66 254 731	22.2%	67 610 300	(2%)
Expenditure	41 956 471	107 624 541	156.5%	53 904 484	99.7
Surplus/(deficit)	**12 272 791**	**(41 369 810)**	**(437.1%)**	**13 705 816**	**(401.8%)**
Surplus/(deficit) as % of total income	22.6%	(62.4%)		20.3%	

Variance from 2006/07 actual:
The Water service shows a surplus for the 2006/07 and a deficit for the 2007/08 financial year, with a decrease of 437,1 percent between the two years. The deficit of R41,37 million for the 2007/08 financial year represents a deficit percentage of 62,4 percent, whereas a 22,6 profit percentage was realised in the 2006/07 financial year. The reason for the deficit is due to inventory items which was previously classified as capital assets and was now transferred from the Asset control account to an expenditure account for Loss on disposal of Assets. This transaction was necessary to comply with the newly adopted GAMAP standards.

Variance from 2007/08 budget:
The total actual income is 2 percent lower than the budgeted amount of R67,6 million for the 2007/08 financial year, whilst the expenditure is 99,7 percent more than the budgeted amount of R53,9 million, due to above-mentioned reclassification of inventory.

The following table shows the information regarding Water distribution:

WATER DISTRIBUTION	2007/08 Financial year
Mega litres Purified	9 664
Mega litres Sold	7 426
Mega litres Lost during distribution	2 238
Percentage lost during distribution	23.16%
Cost per mega litre purified	1 738.74
Total income	R51 646 038
Income per mega litre sold	6 954.76

4 CAPITAL EXPENDITURE AND FINANCING

The capital expenditure during the year as stated in the financial statements amounted to R75 824 396 and was financed as follows:

SOURCE OF FINANCE	2007/08 Actuals	% of Total Capital Expenditure
Capital Replacement Reserve	57 734 291	76.1%
Grants and Subsidies	12 028 974	15.9%
Public contributions	6 061 131	8%
TOTAL	75 824 396	100.0%

Property, Plant and Equipment is funded to a great extent from the Capital Replacement Reserve as the Municipality does have the financial resources to finance infrastructure capital expenditure from its own funds.

5 CAPITAL REPLACEMENT RESERVE

The balance of the Capital Replacement Reserve as at 30 June 2008 amounted to R74 683 252 (R68 152 445 as at 30 June 2007).

The Capital Replacement Reserve replaces the previous statutory funds, e.g. the Consolidated Capital Development and Loans Fund, and is a cash-backed reserve established to enable the municipality to finance future capital expenditure. Cash contributions, depending on the availability thereof, are made annually to the reserve.

The municipality, in conjunction with its own capital requirements and external funds (external loans and grants) is able to finance its annual infrastructure capital programme.

Refer to the Statement of Changes in Net Assets for more detail.

6 EXTERNAL LOANS, INVESTMENTS AND CASH

On 30 June 2008 the outstanding external loans amounted to R4 723 276 (R3 519 802 in 2007). Annuity loans to the amount of R239 972, stock loans of R9 000 and leases to the amount of R979 121 were redeemed during this financial year.

Council's cashbook showed a positive balance of R7 497 238 on 30 June 2008. The bank account showed a positive balance of R17 488 029 with external investments amounting to R196 million against R207 million of the previous year.

More particulars regarding external loans and investments appear in Notes 4 and 20 as well as Appendix A.

7 NON-CURRENT PROVISIONS

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Non-current provisions amounted to R65 063 088 as at 30 June 2008 (R68 537 238 as at 30 June 2007) and is made up as follows:

Provision for Post Employment Health Care Benefits	R 60 611 433
Provision for Ex-Gratia Pensioners	R 882 820
Provision for Long Service Awards	R 3 568 835

Refer to Notes 5 and 43 for more detail.

8 CURRENT LIABILITIES

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations. Current Liabilities amounted to R53 431 602 as at 30 June 2008 (R83 042 286 as at 30 June 2007) and is made up as follows:

Consumer deposits	Note 7	R 8 164 883
Provisions	Note 8	R 3 977 678
Creditors	Note 9	R 32 994 589
Unspent conditional grants and receipts	Note 10	R 2 915 491
VAT	Note 11	R 3 436 067
Current portion of long-term liabilities	Note 4	R 1 942 895
		R 53 431 602

9 CURRENT ASSETS

Current Assets amounted to R265 227 956 as at 30 June 2008 (R259 131 486 as at 30 June 2007) and is made up as follows:

Inventory	Note 16	R 11 903 609
Consumer debtors	Note 17	R 28 861 827
Other debtors	Note 18	R 20 755 139
Current portion of long-term debtors	Note 15	R 210 144
Call investment deposits	Note 19	R196 000 000
Bank balances and cash	Note 38	R 7 497 238
		R265 227 956

The investment deposits are ring-fenced for the purposes of the Capital Replacement Reserve, Unspent Conditional Grants and the repayment of the current portion of Long-term Liabilities and no funds are available for own purposes.

10 DEBTORS

The net balance of consumer debtors is indicated below:

DEBTOR	As at 30 June 2008	As at 30 June 2007	Variance
Total Service debtors:	**27 614 998**	**22 740 993**	21.4%
- Rates	4 177 904	4 659 242	(10.3%)
- Electricity	8 040 202	8 095 106	(0.7%)
- Water	5 818 668	3 457 419	68.3%
- Refuse	2 339 907	843 640	177.4%
- Sewerage	7 238 318	5 685 586	27.3%
Debtpack collections	**8 978**	**754**	1090%
Land Sales	**7 456**	**44 887**	(83.4%)
Housing instalments	**493 898**	**214 337**	130.4%
Housing rentals	**268 495**	**81 412**	229.8%
Sundry Debtors	**468 003**	**549 202**	(14.8%)
TOTAL	**28 861 827**	**23 631 586**	22.1%

Other debtors, including accrued income, increased from R13 152 871 in 2006/07 to R20 755 139 in the 2007/08 financial year, indicating an increase of 57,8 percent. The increase is because of a debtor that was raised for the operating balance on the Housing Development Fund to the Provincial Department of Housing.

The municipality has during the financial year written of bad debts to the amount of R19 350 078.

11 EXPRESSION OF APPRECIATION

I am grateful to the Mayor, Deputy Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Directors for the support extended during the financial year. A special word of thanks to all staff that assisted with the collation of year-end information, for without their valuable contributions and assistance these Annual Financial Statements would not have been possible.

HF BOTHA
B. Com. AIMTR (S.A.)
CHIEF FINANCIAL OFFICER

Date: 31 August 2008

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		**2725 721 783**	**564 214 359**
Housing development fund	2	16 462 910	3 833 336
Reserves	3	314 306 567	325 502 943
Capital replacement reserve		74 683 254	69 302 796
Capitalisation reserve		80 157 373	87 951 500
Government grant reserve		87 177 787	84 697 931
Donations and public contribution reserves		72 288 152	83 550 717
Accumulated surplus/(deficit)		2394 952 307	234 878 079
Non-current liabilities		**68 029 377**	**57 805 052**
Long-term liabilities	4	2 780 379	2 389 101
Non-current provisions	5	65 063 088	55 084 507
Non-current deposits	6	185 909	331 444
Current liabilities		**53 431 602**	**83 042 286**
Consumer deposits	7	8 164 883	7 670 989
Provisions	8	3 977 678	8 261 426
Creditors	9	32 994 589	29 815 640
Unspent conditional grants and receipts	10	2 915 491	12 051 085
VAT	11	3 436 067	2 986 235
Bank overdraft	20	-	21 126 209
Current portion of long-term liabilities	4	1 942 895	1 130 701
Total Net Assets and Liabilities		**2847 182 763**	**705 061 696**
ASSETS			
Non-current assets		**2581 954 807**	**445 930 210**
Property, plant and equipment	12	2065 995 222	439 632 398
Intangible Assets	13	596 452	3 444 064
Investment Property	14	512 640 453	-
Investments - Fixed deposits	19	66 660	-
Long-term receivables	15	2 656 019	2 853 748
Current assets		**265 227 956**	**259 131 486**
Inventory	16	11 903 609	13 805 110
Consumer debtors	17	28 861 827	23 631 586
Other debtors	18	20 755 139	14 404 049
Current portion of long-term debtors	15	210 144	281 361
Short-term Investment Deposits	19	196 000 000	207 000 000
Cash and Cash equivalents	38	7 497 238	9 380
Total Assets		**2847 182 763**	**705 061 696**

STATEMENT OF FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

Budget				Actual	
2007	2008		Note	2008	2007
		Continued operations			
R	R			R	R
		REVENUE			
34 916 827	39 029 531	Property rates	21	39 412 827	35 767 367
1 000 000	1 500 000	Property rates-penalties imposed & collection charges		2 155 837	1 866 733
200 978 340	227 544 404	Service charges	22	224 417 182	203 689 880
893 965	1 101 662	Rental of facilities and equipment		1 322 650	1 325 492
9 701 400	18 610 495	Interest earned - external investments		23 715 122	16 665 302
-	-	Interest earned - unamortised discount		2 711	-
650 000	611 642	Interest earned - outstanding debtors		522 081	604 541
-	-	Dividends received		-	-
4 733 700	5 039 586	Fines		2 757 715	5 943 174
3 545 000	3 727 383	Licences and permits		4 257 088	4 287 134
-	-	Income for agency services rendered		-	-
75 104 271	66 265 954	Government grants and subsidies	23	44 377 652	48 902 610
45 929 899	113 825 062	Other income	24	224 504 175	48 151 755
2 960 000	4 209 600	Public contributions, donated and contributed PPE	25	10 595 524	4 737 135
100 000	140 000	Gains on disposal of PPE		1 196 604	149 926
380 513 402	**481 605 319**	**Total Revenue**		**579 237 170**	**372 091 050**
		EXPENDITURE			
94 032 092	108 144 753	Employee related costs	26	101 581 414	144 396 464
4 650 761	5 016 116	Remuneration of Councillors	27	4 896 255	4 547 490
8 868 203	8 000 000	Bad debts	28	3 980 442	5 719 626
6 360 000	6 415 000	Collection costs		5 350 034	5 583 334
30 823 237	9 474 643	Depreciation		27 748 638	23 138 651
-	707 931	Amortisation - Intangible Assets		569 523	3 153
33 676 127	33 595 505	Repairs and maintenance		30 706 588	30 530 723
1 223 170	472 688	Interest paid	29	653 875	601 197
57 302 397	65 338 252	Bulk purchases	30	57 157 031	58 490 201
15 311 162	18 242 588	Contracted services		17 294 692	13 964 489
8 243 623	7 923 628	Grants and subsidies paid	31	2 958 645	4 082 862
119 353 996	215 129 721	General expenses	32	78 552 367	62 655 666
-	-	Loss on disposal of PPE		223 297 842	34 917
379 844 768	**478 460 825**	**Total Expenditure**		**554 747 346**	**353 748 770**
668 634	**3 144 494**	**SURPLUS/(DEFICIT) FOR THE YEAR**		**24 489 824**	**18 342 279**
		Discontinued operations			
	158,598	Surplus for the year from discontinued operations	33	16 612	1 064 491
668 634	**3 303 092**	**SURPLUS FOR THE YEAR**		**24 506 436**	**19 406 770**
		Refer to Appendix E(1) for explanations of variances			

STATEMENT OF CHANGES IN NET ASSETS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	Housing development fund	Capital replacement reserve	Capitalisation reserve	Government grant reserve	Donations & public contribution reserve	Accumulated surplus/(deficit)	Total
	R	R	R	R	R	R	R
2007							
Balance at 1 July 2006	11 239 726	70 959 088	96 124 980	62 434 943	83 780 170	208 256 967	532 795 874
Surplus/(deficit) for the year	-	-	-	-	-	19 406 770	19 406 770
Transfer to CRR	-	44 784 885	-	-	-	(44 784 885)	-
Property, Plant and Equipment purchased	-	-	-	-	-	-	-
Contribution from CRR - purchase PPE	-	(47 615 574)	-	-	-	47 615 574	-
Transfer to FDR Government Grants Reserve	-	-	-	23 701 619	-	(25 650 159)	(1 948 540)
Transfer to FDR Don. and Public Contri. Reserve	-	-	-	-	5 140 276	(3 191 736)	1 948 540
Transfer to Housing Development Fund	-	-	-	-	-	-	-
Offsetting of depreciation	-	-	(8 173 480)	(1 438 631)	(5 369 729)	14 981 841	-
Asset disposals	-	24 046	-	-	-	(24 046)	-
Balance at 30 June 2007	11 239 726	68 152 445	87 951 500	84 697 931	83 550 717	216 610 326	552 202 644
2008							
Change in accounting policy (Note 33)	-	-	-	-	-	-	-
Correction of error (Note 34)	(7 406 389)	1 150 350	-		-	18 267 753	12 011 713
Restated balance at beginning of the year	3 833 337	69 302 794	87 951 500	84 697 931	83 550 717	234 878 079	564 214 358
Surplus/(deficit) for the year	-	-	-	-	-	24 506 436	24 506 436
Transfer to CRR		89 647 940				(89 647 940)	(0)
Property, Plant and Equipment purchased		1953 863 408	57 295 069	38 493 430	53 272 313	34 076 769	2137 000 989
Contribution from CRR - purchase PPE		(1989 765 590)				1989 765 590	-
Transfer to FDR Government Grants Reserve				12 116 232		(12 116 232)	-
Transfer to FDR Don. and Public Contri. Reserve					6 218 129	(6 218 129)	-
Transfer to Housing Development Fund	17 709 830					(17 709 830)	-
Transfer from Housing Development Fund	(5 080 256)					5 080 256	-
Offsetting of depreciation			(8 519 080)	(3 005 690)	(5 949 334)	17 474 104	-
Asset disposals		(48 365 300)	(56 570 115)	(45 124 115)	(64 803 673)	214 863 203	-
Balance at 30 June 2008	16 462 910	74 683 252	80 157 373	87 177 787	72 288 152	2394 952 307	2725 721 782

CASH FLOW STATEMENT

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
CASH FLOW FROM OPERATING ACTIVITIES		**R**	**R**
Cash receipts from ratepayers, government and other		1586 345 229	646 778 622
Cash paid to suppliers and employees		1332 245 837	543 178 188
Cash generated from/(utilised in) operations	37	254 099 392	103 600 434
Increase in consumer deposits	7	493 894	776 590
Interest received		24 239 914	17 269 843
Interest paid		(653 875)	(601 197)
Net cash from operating activities		278 179 324	121 045 670
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of PPE		(40 778 461)	(79 247 337)
Proceeds on disposal of PPE		(222 101 238)	115 009
(Increase)/decrease in non-current receivables	15	1 268 849	1 182 515
(Increase)/decrease in non-current investments	19	(66 660)	-
(Increase)/decrease in current investments	19	11 000 000	(52 000 000)
Net cash from investing activities		(250 677 511)	(129 949 814)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		1 112 255	(676 924)
Net cash from financing activities		1 112 255	(676 924)
Net increase / (decrease) in cash and cash equivalents		28 614 067	(9 581 068)
Cash and cash equivalents at the beginning of the year		(21 116 829)	(11 535 761)
Cash and cash equivalents at the end of the year	38	7 497 238	(21 116 829)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Note 1: Accounting Policy

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those applied in the previous year unless otherwise stated.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) and the Standards of Generally Accepted Municipal Accounting Practices (GAMAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GAMAP 4	The Effects of Changes in Foreign Exchange Rates
GAMAP 6	Consolidated financial statements and accounting for controlled entities
GAMAP 7	Accounting for Investments in Associates
GAMAP 8	Financial Reporting of Interests in Joint Ventures
GAMAP 9	Revenue
GAMAP 12	Inventories
GAMAP 17	Property, Plant and Equipment
GAMAP 19	Provisions, Contingent Liabilities and Contingent Asset
GAMAP 6, 7 and 8 have been complied with to the extent that the requirements in these standards relate to the municipality's separate financial statements.[1]	

Accounting policies for material transactions, events or conditions not covered by the above GRAP and GAMAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with certain of the above mentioned standards and aspects or parts of these standards. Details of the exemptions applicable to the municipality have been provided in the notes to the annual financial statements.

The entity has elected to early adopt the following requirement(s) in GRAP, GAMAP or SA GAAP, which were exempted in terms of General notice 552 of 2007:

Standard no.	Standard title	Extent of exemption from standard
IAS 19 (AC 116)	Employee benefits	▪ Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29, 48 – 119 and 120A(c) – (q)).
IAS 38 (AC 129)	Intangible assets	▪ The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed.
GAMAP 12	Inventories	▪ The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17. The entire standard to the extent that it relates to water stock that was not purchased by the municipality.
IAS 40 (AC 135)	Investment Property	▪ The entire standard to the extent that the property is accounted for in terms of GAMAP 17. Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard (paragraphs 79(e)(i)-(iii))
IAS 17 (AC 105)	Leases	▪ Recognising operating lease payments\receipts on a straight line basis if the amounts are recognised on the basis of cash flows in the lease agreement (IAS 17.33-34 and 50 – 51, SAICA Circular 12/06.8-11).
IAS 39 (AC 133)	Financial Instruments: Recognition and measurement	▪ Initially measuring financial assets and financial liabilities at fair value. (SAICA Circular 09/06, paragraph 43, AG79, AG64 and AG65 of IAS39 / AC 133).
IAS 11 (AC 109)	Construction contracts	▪ Entire standard.
IFRS 5 (AC 142)	Non-current Assets held for sale and discontinued operations	▪ Classification, measurement and disclosure of non-current assets held for sale (paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42).
IFRS 7 (AC 144)	Financial Instruments: Disclosures	▪ Entire standard to be replaced by IAS 32 (AC125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 3 (Accounting Policies, Changes of Accounting Estimates and Errors):

- *Identification and impact of GRAP standards that have been issued but are not yet effective and changes to accounting policies. [Paragraphs 14, 19 and 30-31]*

1.2 Presentation currency

These annual financial statements are presented in South African Rand.

1.3 Going concern assumption

These annual financial statements are prepared on the basis that the municipality will remain a going concern for the foreseeable future.

1.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 115 (Segment Reporting) and AC 146 (Operating Segments).

1.5 Foreign currency transactions

Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

1.6 Housing Development Fund

The Housing Development Fund was established in terms of Section 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, requires that the

municipality maintain a separate housing operating account. Loans form National and Provincial Government used to finance housing developments undertaken by the Municipality were extinguished on 1 April 1998 and transferred to the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa) read with, *inter alia,* Section 16(2) that the net proceeds of any rental, sale of property or alienation, financed previously from government housing funds, be paid into a separate operating account and be utilised by the Municipality for housing development subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Fund:

- The proceeds in this fund are utilised for housing developments in accordance with the National Housing Policy and also for housing development projects approved by the MEC.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Any surplus / (deficit) on the Housing Statement of Financial Performance must be transferred to the Housing Development Fund.

1.7 Reserves

1.7.1 Capital Replacement Reserve (CRR)

In order to finance the future provision of infrastructure and other items of property, plant and equipment from internal sources amounts are transferred out of the

accumulated surplus/(deficit) into the Capital Replacement Reserve (CRR) in terms of a Council resolution. The cash allocated to the CRR can only be utilised to finance items of property, plant and equipment. The following provisions are set for the creation and utilisation of the CRR:

- The cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for the maintenance of these items.
- The proceeds from the disposal of property, plant and equipment originally financed through the CRR must be transferred to the CRR.
- All proceeds from the sale of land will be transferred from the Accumulated Surplus to the CRR via the Statement of Changes in Net Assets.
- The CRR is reduced and the accumulated surplus/(deficit) credited with corresponding amounts when the funds are utilised.
- The amounts transferred to the CRR are based on the Municipality's need to finance future capital projects. The Integrated Development Plan, the municipality's ability to raise external finance and the amount of government grants and subsidies that will be received in future will be taken into account in order to determine the annual contribution to the CRR.

1.7.2 Capitalisation Reserve

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the former legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus/(deficit).

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community

equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Government Grants.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.4 Public Contributions and Donations Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Public Contributions and Donations Reserve equal to the Public Contributions and Donations Reserve recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Public Contributions and Donations Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from Public Contributions and Donations.

When an item of property, plant and equipment financed from Public Contributions is disposed, the balance in the Public Contributions and Donations Reserve relating to such item is transferred to the accumulated surplus/(deficit).

1.7.5 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. All land and buildings recorded in the Municipality's asset register shall be revalued when the Council is of the opinion that economic conditions have had a substantial impact on the on the value of land and buildings within the municipal area. Under such circumstances a sworn valuer will be appointed to perform a valuation of all land and buildings.

The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on current values, are credited or charged to the Statement of Financial Performance.

1.8 Financial Instruments

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

1.8.1 Financial Assets

A financial asset is any asset that is a cash equivalent or contractual right to receive cash. The municipality has the following types of financial assets as reflected in the Statement of Financial Position or in the notes thereto:

- Unlisted Investments (Local Authority Stock)
- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Other Debtors
- Short-term Investment Deposits

- Bank Balances and Cash
- Operating lease assets

The *Financial Assets* of the municipality are presently classified as follows into thre categories:

Type of Financial Asset	Classification in terms of IAS 39.09
Listed Investments	Held at fair value through profit or loss
Unlisted Investments	Held at fair value through profit or loss
Investments in Fixed Deposits	Held to maturity
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Short-term Investment Deposits	Held to maturity
Bank Balances and Cash	Held to maturity

1.8.2 Financial Liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected in the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Provisions
- Creditors
- Bank Overdraft
- Current Portion of Long-term Liabilities
- Defined Benefit Obligations
- Consumer Deposits
- VAT
- Operating lease liabilities

There are two main categories of *Financial Liabilities*, based on how they are measured. Financial liabilities may be measured at:

(i) Fair value through profit or loss; or
(ii) Not at fair value through profit or loss ('other financial liabilities').

Creditors
Creditors are stated at their settlement value.

Accrued Leave Pay
Liability for annual leave is recognised as it accrues to employees. Provision is based on the total accrued leave days at year-end.

1.8.3 Measurement

Financial Assets:
Held-to-maturity investments and loans-and-receivables are initially measured at fair value and subsequently measured at amortised cost. Financial assets are measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

Financial Liabilities:
Financial liabilities are measured at amortised cost using the effective interest rate method where applicable.

The requirement that financial assets and liabilities (previously instruments) should initially be measured at fair value, have been exempted in terms of General Notice 552 of 2007.

1.8.4 Impairment of Financial Assets

Annually an assessment is made as to whether there is any impairment of Financial Assets. If so, the recoverable amount is estimated and an impairment loss is recognised.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made by assessing the recoverability of consumer debtors collectively after grouping the debtors in financial asset groups with similar credit risk characteristics.

Loans and Receivables are non-derivative Financial Assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment. All classes of loans and receivables are separately assessed for impairment annually.

1.9 Leases

1.9.1 Lessee Accounting

Amounts held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they may be capitalised in accordance with the Municipality's policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Municipality will not incur a foreign currency lease liability other than that allowed by the MFMA.

1.9.2 Lessor Accounting

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return to the Municipality's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for the intended use or sale, added to the costs of these assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets may be deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of financial performance in the period in which they are incurred.

1.11 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Financial Performance over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Municipality has the unconditional right to defer settlement of the liability for at least 12 months after the date of the Statement of Financial Position.

1.12 Provisions

A provision is recognised when the municipality has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The municipality has discounted provisions to their present value when the effect of the time value of money is material. The notional interest charge representing the unwinding of the provision discounting is included in the Statement of Financial Position.

Provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

1.13 Employee Benefits

(a) Pension obligations

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the

fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the accounting period in which it occurs.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis.

The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Post Retirement Medical obligations

The Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries.

(c) Long Service awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries bi-annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries is charged against the Statement of Financial Performance as employee benefits upon valuation.

1.14 Trade Payables (Creditors)

Trade payables and other receivables are originally carried at fair value and subsequently are measured at amortised cost using the effective interest method

1.15 Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

1.16 Unutilised Conditional Grants

Unutilised conditional grants are reflected on the Statement of Financial Position as a creditor – Unutilised conditional grants. They represent unspent government grants, subsidies and contributions from the public. This creditor always has to be backed by cash. The following provisions are set for the creation and utilisation of this creditor:

- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.
- Whenever an asset is purchased out of the unutilised conditional grant an amount equal to the cost price of the asset purchased is transferred from the Unutilised Conditional Grant into the statement of financial performance as revenue. Thereafter an equal amount is transferred on the Statement of changes in net assets to a Government Grant Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the Unutilised Conditional Grants. The Government Grant Reserve is used to offset depreciation charged on assets purchased out of the Unutilised Conditional Grants.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

1.17 Value Added Tax

The Council accounts for Value Added Tax on the cash basis.

1.18 Property Plant and Equipment

Land and buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the Statement of Financial Position at their cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land identified for the first time is recognised at its fair value.

Incomplete construction work is stated at historic cost. Depreciation only commences when the asset is commissioned into use.

All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Municipality's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably. The carrying amount of a replaced part is derecognised. All other repairs and maintenance are charged to the Statement of Financial Performance during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and buildings under construction over their estimated useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following guiding estimated useful lives:

	Years		Years
Infrastructure		**Other**	
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
Community		Specialised plant and	
Improvements	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
		Landfill sites	15

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised (net) in the Statement of Financial Performance. When revalued assets are sold, the amounts included in the Revaluation Reserve are transferred to the Accumulated Surplus/(Deficit) directly in the Statement of Changes in Net Assets.

Heritage assets, which are defined as culturally significant resources are not depreciated as they are regarded as having an infinite life. Land is also not depreciated for the same reason.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 17 (Property, Plant and Equipment):

- *Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]*
- *Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]*
- *Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]*
- *Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]*

1.19 Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost. Subsequent to initial recognition investment properties are shown at fair value, based on periodic, but at least every three years, valuations by external independent valuers. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

1.20 Intangible Assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

1.21 Impairment of Tangible and Intangible Assets

At each Statement of Financial Position date the municipality reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the municipality estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Financial Performance, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a Revaluation Reserve increase.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 128 (Impairment of Assets) in its entirety.

1.22 Financial Assets

The Municipality classifies its financial assets in the following categories: loans and receivables, investments in associates, investments in municipal entities and joint ventures. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Investment in Associate

An associate is an entity over which the Municipality is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. The carrying value of the investment in associates is adjusted for the municipality's share of operating surpluses/(deficits) less any dividends received.

Where the Municipality or its Municipal Entities transact with an associate, unrealised gains and losses are eliminated to the extent of the Municipality's or its Municipal Entities' interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

Where the Municipality is no longer able to exercise significant influence over the associate the equity method of accounting is discontinued.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

(b) Investment in Municipal Entities

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with AC 140 (Business Combinations) in its entirety.

(c) Interests in Joint Ventures

A joint venture is a contractual arrangement whereby the Municipality and other parties undertake an economic activity that is subject to joint control. Interests in joint ventures are stated at cost.

Jointly Controlled Operations
The Municipality recognises the assets that it controls, the liabilities and expenses that it incurs as well as its share in the revenue that it earned from the sale or provision of goods or services by the joint venture.

Jointly Controlled Assets
The Municipality's share of the jointly controlled assets and liabilities is recognised in the statement of financial position and is classified according to their nature. Revenue from the sale or use of the Municipality's share of the output of the jointly controlled assets, and its share of the expenses incurred is recognised in the statement of financial performance.

Jointly Controlled Entities
Interests in jointly controlled entities are stated at cost.

1.23 Inventories

Inventories consist of consumables and are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values. Consumables are written down with regard to their age, condition and utility.

1.24 Trade and other Receivables

Trade receivables are recognised initially at originating cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. When a trade receivable is uncollectible, it is written off in terms of the municipality's Credit Control and Debt Collection Policy. Subsequent recoveries of amounts previously written off are credited against to the Statement of Financial Performance.

1.25 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

1.26 Revenue Recognition

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity and water prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly.

Service charges from sewerage and sanitation for residential and business properties are levied annually based on a fixed tariff.

Interest and rentals are recognised on a time proportion basis.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis that takes into account the effective yield on the investment. Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on unutilised conditional grants is allocated directly to the unutilised conditional grant creditor, if the grant conditions indicate that interest is payable to the funder.

Revenue from the sale of goods is recognised when **all** the following conditions have been satisfied:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportionate basis.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised

Revenue from non-exchange transactions

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received. A calculation of fines to be received is made at year-end based on the average collection rate of the past three years.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment are brought into use.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of GAMAP 9 (Revenue):

- *Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]*

Conditional Grants and Receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

The Minister of Finance has, in terms of General notice 552 of 2007 exempted compliance with the following requirements of AC 134 (Accounting for Government Grants):

- *Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.*

1.27 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

1.28 Unauthorised Expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29 Irregular Expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 Rounding

The amounts reflected in the financial statements of the Municipality are all in Rand, and all amounts are rounded off to the nearest Rand.

Notes 2 – 48: Other Notes to Annual Financial Statements

		2008	2007
2.	**HOUSING DEVELOPMENT FUND**	**R**	**R**
	Balance at beginning of the year	3 833 336	11 239 726
	Income	17 709 830	-
	Land Sales	9 014	-
	Housing Letting/Selling Scheme Loans	17 700 816	-
	Housing Selling Scheme Loans Interest	-	-
	Housing Debtors	-	-
	Less: Expenditure	5 080 256	7 406 389
	Funding Capital Projects	766 672	-
	Funding Operating Projects	4 313 585	7 406 389
	Total Housing Development Fund assets and liabilities	16 462 910	3 833 336

Refer to Note 34.6 for detail regarding the restatement of previous year balance.

3.	**RESERVES**		
	Capital Replacement Reserve	74 683 254	69 302 796
	Future Depreciation Reserve		
	Assets financed ex Capitalisation Reserve	80 157 373	87 951 500
	Assets financed ex Government Grant	87 177 787	84 697 931
	Assets financed ex Donations and Public Contributions	72 288 152	83 550 717
		314 306 567	325 502 943

The Capital Replacement Reserve is fully funded and invested in ring-fenced financial instruments.

Refer to Note 34.11 for detail regarding the restatement of previous year balance.

4.	**LONG-TERM LIABILITIES**		
	Local registered stock loans	840 175	849 097
	Annuity loans	490 770	639 601
	Finance lease liability	3 392 331	2 031 104
	Government loans: Other	-	-
	Sub-total	4 723 276	3 519 802
	Less: Current portion transferred to current liabilities	1 942 895	1 130 701
	Local registered stock loans	293 493	146 422
	Annuity loans	239 972	239 972
	Finance lease liability	1 409 430	744 307
	Government loans: Other	-	-
	Total external loans	2 780 381	2 389 101

Refer to Appendix A for more detail on long-term liabilities

Finance lease liabilities - Minimum capital lease payments:		
No later than 1 year	1 014 893	1 086 549
Later than 1 year and no later than 5 years	2 826 228	1 722 275
Later than 5 years	-	-
	3 841 122	2 808 824
Future finance charges on finance leases	(448 791)	(777 719)
	3 392 331	2 031 105
The present value of finance lease liabilities is as follows:		
No later than 1 year	1 409 430	744 306
Later than 1 year and no later than 5 years	1 982 900	1 286 799
Later than 5 years	-	-
	3 392 331	2 031 105

Refer to Note 34.4 for detail regarding the restatement of previous year balance.

5.	**NON-CURRENT PROVISIONS**		
	Provision for Post Employment Health Care Benefits	62 958 269	56 576 956
	Provision for Ex-Gratia Pensioners	1 003 461	1 030 000
	Provision for Long Service Awards	4 346 643	3 935 469
		68 308 373	61 542 425
	Less: Transfer to Current Provisions	3 245 285	6 457 918
	Post Employment Health Care Benefits	2 346 836	6 073 519
	Ex Gratia Pensioners	120 641	121 298
	Long Service Awards	777 808	263 101

	2008 R	2007 R
Non-Current defined Benefit Plan Provision	65 063 088	55 084 507
Provision for Post Employment Health Care Benefits	60 611 433	50 503 437
Provision for Ex-Gratia Pensioners	882 820	908 702
Provision for Long Service Awards	3 568 835	3 672 368

Refer to note 43 'Other Defined Benefit Plan Information' to the financial Statements for more information regarding the Provision for Post Employment Health Benefits for Current Employees and Continuation Members, the Provision for Ex-Gratia Pensioners Liability and the Long Service Awards Liability.

Refer to note 34.1 for details regarding restatement of previous year amounts.

6. NON-CURRENT DEPOSITS

Santos Pavilion Repair Fund		
Balance at beginning of year	331 444	310 770
Contributions during the year	-	-
Interest on Investment	17 316	20 674
Expenditure during the year	(162 851)	-
	185 909	331 444

This fund was created after the Pavilion burnt down a number of years ago. An entrepreneur restored the pavilion to its original form in exchange for a 99-year lease at a reasonable rent. It was also a condition that he should make available an amount of R100,000 to the council as an investment. Interest earned may be used by Council for the maintenance of the building should he fail to do it himself.

7. CONSUMER DEPOSITS

Electricity and Water	8 164 883	7 670 989
Total consumer deposits	8 164 883	7 670 989

No interest accrues on consumer deposits.

Guarantees held in lieu of electricity deposits	10 000	10 000

Included in the amount of R8,164,883 is an amount of R10,000 for 2008 (R10,000 for 2007)

8. PROVISIONS

Alien Vegetation	50 000	1 126 800
Illegal Dumping	25 000	245 000
Post Retirement Benefits	2 467 477	6 194 817
Current portion of long-service provision	777 808	263 101
Performance Bonuses	657 393	431 708
Total Provisions	3 977 678	8 261 426

Performance bonuses accrue to employees on a quarterly basis, subject to certain conditions. The provisions is an estimate of the amount due to staff at the reporting date.

The movement in current provisions are reconciled as follows:

30 June 2008	**Alien Vegetation**	**Illegal Dumping**	**Post Retirement Benefits**	**Long-service**	**Performance Bonuses**
Balance at beginning of year	1 126 800	245 000	6 194 817	263 101	431 708
Transfer from non-current			2 467 477	777 808	
Contributions to provisions	39 020	19 445	-	-	657 393
Expenditure incurred	(1 115 820)	(239 445)	(6 194 817)	(263 101)	(431 708)
Balance at end of year	50 000	25 000	2 467 477	777 808	657 393
30 June 2007					
Balance at beginning of year	-	-	1 794 238	549 112	358 991
Transfer from non-current	-	-	6 194 817	263 101	-
Contributions to provisions	1 126 800	245 000	-	-	431 708
Expenditure incurred	-	-	(1 794 238)	(549 112)	(358 991)
Balance at end of year	1 126 800	245 000	6 194 817	263 101	431 708

9. CREDITORS

	2008	2007
	R	R
Trade creditors	6 116 123	5 557 170
Payments received in advance	8 503 486	8 358 490
Accrued Expenditure	2 434 053	1 944 550
Retentions	5 578 264	4 951 281
Staff leave	5 543 275	4 498 782
Other creditors	215 132	199 503
Other deposits	4 604 256	4 305 865
Total creditors	32 994 589	29 815 640

10. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

9.1 Conditional grants from other spheres of government	2 883 139	11 840 244
Provincial Grants (Note 23)	1 255 779	476 307
National Grants (Note 23)	243 674	9 807 777
Other Government Grants	1 383 686	1 556 159
9.2 Other conditional receipts	32 351	210 841
District Municipality	-	3 821
Developers contributions	-	201 195
Public contributions	32 351	5 825
Total conditional grants and receipts	2 915 491	12 051 085

See Note 23 for reconciliation of grants from other spheres of government.
These amounts are invested in a ring-fenced investment until utilised in terms of section 12 of the MFMA.

11. VAT

Opening Balance	2 986 235	4 623 877
VAT Payable (output)	(35 111 208)	(32 713 885)
VAT Receivable (Input)	28 476 390	27 820 047
Paid to SARS	7 084 649	3 256 197
Net VAT Payable	3 436 067	2 986 235

VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over SARS.

Refer to note 34.5 for the details regarding the restatement of previous year balance.

12. PROPERTY, PLANT & EQUIPMENT

	Cost	Accumulated Depreciation	Carrying Value
As at 30 June 2007	R	R	R
Land and Buildings	150 603 749	19 123 391	131 480 358
Infrastructure	363 091 031	117 810 457	245 280 574
Community	24 518 698	8 692 350	15 826 349
Other	73 775 697	26 730 581	47 045 117
Total	**611 989 175**	**172 356 778**	**439 632 398**

	Cost	Accumulated Depreciation	Carrying Value
As at 30 June 2008	R	R	R
Land and Buildings	300 193 774	20 879 493	279 314 281
Infrastructure	1695 298 155	1 352 841	1693 945 314
Community	70 088 723	9 672 779	60 415 944
Other	44 691 127	12 371 445	32 319 683
Total	**2110 271 780**	**44 276 558**	**2065 995 222**

Refer to Appendix B and B(1) for more detail.
Refer to Note 34.9 for detail regarding the restatement of previous year balance.

13. INTANGIBLE ASSETS

Carrying values at the beginning of the year	3 444 064	3 519 284
Cost	6 716 347	6 265 583
Accumulated amortisation	(3 272 283)	(2 746 299)
Acquisitions	(5 545 243)	1 601 114
Transfer from Property, plant and equipment (Correction of error per note 34.2)		(1 150 350)
Amortisation	2 697 631	(525 984)
Carrying values at the end of the year	596 452	3 444 064
Cost	1 171 104	6 716 347
Accumulated amortisation	(574 652)	(3 272 283)

Refer to Note 34.10 for detail regarding the restatement of previous year balance.

		2008	2007
14.	**INVESTMENT PROPERTY**	**R**	**R**
	Carrying values at the beginning of the year	-	-
	Cost	-	-
	Acquisitions	515,082,453	-
	Impairment losses	-2,442,000	
	Carrying values at the end of the year	512 640 453	-
	Cost	512 640 453	-

Revenue earned from Investment Property is disclosed in the Statement of Financial Performance. The Investment Property is carried at fair value.

15.	**LONG-TERM RECEIVABLES**		
	Loans to controlled Municipal Entities		
	Car Loans	92 778	167 950
	Study Loans	172 805	373 895
	Computer Loans	(0)	7 412
	Land Sales Debtors	43 867	55 928
	Public Assistance Loans	474 265	518 429
	Housing Selling Scheme Loans	4 246 356	5 175 305
		5 030 072	6 298 920
	Less: Current portion transferred to current receivables	210 144	281 361
	Car Loans	45 897	149 363
	Computer Loans	-	6 145
	Loans Public Organisations	161 493	124 313
	Land Sales Debtors	2 754	1 540
	Sub Total	4 819 928	6 017 559
	Less Provision for bad debts	2 163 909	3 163 811
	Total	2 656 019	2 853 748

Refer to note 34.2 and 34.3 .1 for details regarding restatement of previous year amounts.

Loans to Employees
Staff were entitled to various loans e.g. car and computer loans which attract interest at 8% and 8,5% per annum and which are repayable over a maximum period of 6 years. These loans were granted before the implementation of the MFMA and the last of the loans are repayable by May 2010.

Public assistance loans
To facilitate the development of sporting facilities, loans were made to provide the necessary financial assistance. These attract interest at a rate of 8% to 15% per annum and are repayable over a maximum period of 15 years.

Housing Selling Scheme Loans
Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing.

Land Sales
Loans were granted to qualified individuals by Council. These loans attract interest at market-related interest rates.

16.	**INVENTORY**		
	Consumable stores - at cost	632 496	286 660
	Maintenance materials - at cost	4 527 486	2 594 923
	Meters	133 180	91 109
	Spare parts - at unauthorised value	5 518	6 138
	Purification Materials	501 949	422 098
	Unsold properties held for resale - at unauthorised value	5 980 842	10 294 427
	Water purification	122 138	109 755
	Total inventory	11 903 609	13 805 110

Inventory 2007/2008 = R5 922 767 (R3 510 683 in 2006/2007). Unsold properties held for sale transferred to inventory = R5 980 842 (R10 294 427 in 2006/2007). Total inventory = R11 903 609

NIL stock (R34 673 in 2006/07) were written off during this financial year.

Water purification costs incurred for non-purchased water have been capitalised as part of inventories in the current financial year, whereas these costs were not capitalised in the prior financial year. Pre-purified water was not capitalised in the current and prior financial year as this requirement of GAMAP 12 have been exempted in terms of General notice 552 of 2008.

17. CONSUMER DEBTORS

As at 30 June 2008	Gross Balances	Provision for Bad Debts	Net Balance
Service debtors	51 528 842	23 913 844	27 614 998
Rates	6 110 068	1 932 164	4 177 904
Electricity	8 661 808	621 607	8 040 202
Water	14 006 043	8 187 375	5 818 668
Refuse	6 210 721	3 870 814	2 339 907
Sewerage	16 540 202	9 301 884	7 238 318
Debtpack Collections	989 638	980 660	8 978
Land Sales	85 321	77 864	7 456
Housing Instalments	1 285 582	791 684	493 898
Housing rentals	308 552	40 057	268 495
Sundry Debtors	1 061 873	593 870	468 003
Total	55 259 808	26 397 980	28 861 827
As at 30 June 2007			
Service debtors	61 375 149	38 634 156	22 740 993
Rates	7 255 922	2 596 680	4 659 242
Electricity	8 950 223	855 117	8 095 106
Water	19 002 023	15 544 604	3 457 419
Refuse	8 191 406	7 347 766	843 640
Sewerage	17 975 575	12 289 989	5 685 586
Debtpack Collections	1 402 746	1 401 991	754
Land Sales	122 161	77 274	44 887
Housing Instalments	1 907 891	1 693 554	214 337
Housing rentals	440 494	359 081	81 412
Sundry Debtors	1 195 406	646 203	549 202
Total	66 443 846	42 812 260	23 631 586

	2008 R	2007 R
Rates: Ageing		
Current (0 -30 days)	2 700 420	2 565 002
31 - 60 Days	184 851	202 124
61 - 90 Days	152 456	245 721
91 - 120 Days	201 138	145 162
121- 365 Days	1 579 072	1 785 794
> 365 Days	1 292 131	2 312 118
Total	6 110 068	7 255 922
Electricity, Water, Refuse and Sewerage): Ageing		
Current (0 -30 days)	15 184 070	17 687 065
31 - 60 Days	1 625 430	1 654 729
61 - 90 Days	1 104 929	1 405 081
91 - 120 Days	1 025 638	1 348 952
121- 365 Days	10 079 670	10 499 626
> 365 Days	16 399 038	21 523 773
Total	45 418 774	54 119 227
Debtpack Collections		
Current (0 -30 days)	232	754
31 - 60 Days	-	-
61 - 90 Days	2	-
91 - 120 Days	-	200
121- 365 Days	382 523	
> 365 Days	606 881	1 401 791
Total	989 638	1 402 746
Housing Instalments		
Current (0 -30 days)	20 502	74 457
31 - 60 Days	11 610	20 200
61 - 90 Days	7 207	23 913
91 - 120 Days	6 724	23 411
121- 365 Days	160 184	165 049
> 365 Days	1 079 355	1 600 863
Total	1 285 582	1 907 891
Housing rentals: Ageing		
Current (0 -30 days)	6 348	15 500
31 - 60 Days	2 574	4 363
61 - 90 Days	2 299	4 417
91 - 120 Days	2 248	24 921
121- 365 Days	98 679	36 683
> 365 Days	196 404	354 609
Total	308 552	440 494

	2008	2007
Sundry Debtors	R	R
Current (0 -30 days)	387 090	460 339
31 - 60 Days	41 509	46 487
61 - 90 Days	39 405	42 376
91 - 120 Days	17 135	43 248
121- 365 Days	145 472	109 322
> 365 Days	431 263	493 633
Total	1 061 873	1 195 406
Land Sales		
Current (0 -30 days)	1 317	1 631
31 - 60 Days	538	608
61 - 90 Days	538	608
91 - 120 Days	538	7 006
121- 365 Days	4 265	24 420
> 365 Days	78 125	87 888
Total	85 321	122 161
Reconciliation of Provision for Bad Debts		
(Including provision for Bad debts for Long-term Receivables (See note 15)		
Balance at beginning of year	45 976 072	33 495 164
Contribution to / (Reversal from) provision	1 935 896	12 480 908
Bad Debts written off / recovered	(19 350 078)	-
Balance at end of year	28 561 890	45 976 072

18. OTHER DEBTORS

Accrued Income	10 514 929	9 633 795
Unauthorised expenditure (see Note 40.1)	-	-
Fruitless & wasteful expenditure (see Note 40.2)	-	-
Government subsidies	724 894	105 163
Other Debtors	9 515 316	4 665 091
Recoverable Expenditure	-	-
Total other debtors	20 755 139	14 404 049

Refer to Note 34.7 and 34.8 for detail regarding the restatement of previous year balance.

19. INVESTMENTS

Short-term Investment deposits	196 000 000	207 000 000
Less: Current portion maturing within next 12 months - refer note 20	196 000 000	207 000 000
	-	-
Financial instruments		
Fixed deposits	66 660	
Total investments	66 660	-

Council policy is to make investments in accordance with the investment policy as follows:
- That the broad investment policy framework be applicable
- Investments not be placed with foreign banks
- That council does not make use of the services of investment brokers
- Council's total investment portfolio be invested with banks rated as follows:
  - short-term investments (0 - 12 months) only institutions with an A1 and higher rating be used
  - long-term investments (more than 12 months) only institutions with AA or AAA or higher rating be used
- Not more than 50% of the total investments invested with one institution

No investments were written off during the year.

The amount of R66 660 is a fixed deposit that was taken over from the Mossel Bay Sport Trust as from 1 February 2008, when the Trust was dissolved.

20. BANK, CASH AND OVERDRAFT BALANCES

The municipality has the following bank accounts:		2008	2007
BANK ACCOUNT	**Account Numbers**	**R**	**R**
(PREVIOUS BANKER - ABSA)			
Main Bank Account - ABSA	4055353399		6 429 481
(CURRENT BANKER - NEDBANK)			
Primary Bank Account - NEDBANK DEPOSIT ACCOUNT	1626566909	17 488 029	-
Secondary Bank Account - NEDBANK CHECQUE ACCOUNT	1626566917		-
		17 488 029	6 429 481
Bank statement balance at beginning of year		6 429 481	4 752 501
Bank statement balance at end of year		17 488 029	6 429 481
Cash book balance at beginning of year		(21 126 209)	11 544 966
Cash book balance at end of year		7 470 828	(21 126 209)
Petty Cash / Float at beginning of year		9 380	9 205
Petty Cash / Float at end of year		10 980	9 380
Mossel Bay Sport Trust:			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		15 429	-
INVESTMENTS: Current portion matures within next 12 months - Refer Note 19		196 000 000	207 000 000

The Municipality changed its banker during the financial year from ABSA to NEDBANK.
All accounts are with NEDBANK. The balance of account no. 1626566917 - cheque account, is swept to the main account - Primary bank account no. 1626566909.

Mossel Bay Municipality has taken over all accounts of the Mossel Bay Sport Trust. The Trust was desolved and the Municipality undertakes full responsibility and control of the Centre as from 1 February 2008.

21. PROPERTY RATES

Actual	2008	2007
Residential	31 882 775	27 457 891
Commercial	8 519 795	9 090 594
State	786 910	761 071
Building Clause	32 962	30 218
Assessment Rate: Letting	1 602	1 706
Assessment Rate: State Building Kwa Nonqaba	100 776	91 323
Agricultural	420 179	408 696
Less: Income forgone	(2 332 172)	(2 074 132)
Total assessment rates	39 412 827	35 767 367

Valuations	**July 2007 R000's**	**July 2006 R000's**
Residential	5773 487 700	5367 021 360
Commercial	1129 731 000	1116 329 200
State	104 058 600	112 144 400
Municipal	299 050 210	308 942 110
Building Clause	6 849 440	7 503 840
Assessment Rate: Letting	-	-
Assessment Rate: State Building Kwa Nonqaba	12 135 800	12 135 800
Agricultural	319 400 300	288 323 800
Total property valuations	7644 713 050	7212 400 510

The General Valuation on land and buildings is performed every 4 years. The last General Valuation came into effect on 1st July 2003. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and sub divisions. Rates are levied on an annual basis with the final date for payment being 30 September. The basic rate for the 2007/2008 financial year varies between R0,001298 to R0,05190 for land, and R0,001298 to R0,008304 on buildings respectively. Qualifying pensioners receive an additional rebate of either 30% or 50% on property tax. With regards to needy families where the joint income of husband and wife amounted to less than R3,000 a rebate was allowed with regards to water, refuse and sewerage. Interest at prime plus 1% per annum is levied on rates outstanding after due date.

22. SERVICE CHARGES

	2008	2007
Sale of electricity	117 957 576	110 956 239
Sale of water	48 072 460	42 876 722
Refuse removal	21 154 147	17 187 722
Sewerage & sanitation charges	37 233 000	32 669 197
Total service charges	224 417 182	203 689 880

23. GOVERNMENT GRANTS & SUBSIDIES	2008 R	2007 R
Equitable share	17 056 215	15 944 442
Provincial health subsidies	-	-
National Government Grants	11 487 316	20 459 690
Provincial Government Grants	8 225 968	10 189 217
Main Road Subsidy - Provincial	724 894	1 552 163
Other	6 883 260	757 098
Total Government Grant & Subsidies	44 377 652	48 902 610

23.1 Equitable Share

These grants are used to subsidise the provision of basic services to indigent communities

23.2 Provincial health subsidies

Balance unspent at beginning of year	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	-	-

The operations of the health services, namely Clinics, Community Services and Prime Health Care, was discontinued during the 2006/07 year and transferred to the Provincial Administration Western Cape. (see note

23.3 National Government Grants

Balance unspent at beginning of year	9 807 777	622 722
Current year receipts	1 923 213	29 644 745
Adjustments	-	-
Conditions met - transferred to revenue	11 487 316	20 459 690
Conditions still to be met - transferred to liabilities (see note 10)	243 674	9 807 777

Those received from National Government are for operational and capital expenditure. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

23.4 Provincial Government Grants

Balance unspent at beginning of year	476 307	1 223 802
Current year receipts	9 005 440	9 441 722
Adjustments	-	-
Conditions met - transferred to revenue	8 225 968	10 189 217
Conditions still to be met - transferred to liabilities (see note 10)	1 255 779	476 307

23.5 Main Roads Subsidy

Balance unspent at beginning of year	-	-
Current year receipts	724 894	1 552 163
Conditions met - transferred to revenue	724 894	1 552 163
Conditions still to be met - transferred to liabilities (see note 10)	-	-

23.6 Other Grants

Balance unspent at beginning of year	1 556 159	1 525 403
Current year receipts	6 710 786	936 718
Adjustments	-	(148 864)
Conditions met - transferred to revenue	6 883 260	757 098
Conditions still to be met - transferred to liabilities (see note 10)	1 383 686	1 556 159

The Municipality received various grants from PAWC for operational and capital projects. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

24. OTHER INCOME		
Building Plan Fees	5 488 170	3 188 042
Camping Fees	3 266 917	3 444 432
Rental Chalets	2 033 996	3 380 850
Availability Fees (Services)	11 062 880	10 429 081
Land Usage Fee	579 990	703 867
Contributions from External Services	9 708 009	19 009 206
Contributions from Land Sales	193 580	455 503
Insurance Claims	555 071	838 981
Fair Value Adjustment	185 839 219	-
Other	5 776 342	6 701 792
Total other income	224 504 175	48 151 755

25. PUBLIC CONTRIBUTIONS		
District Municipality	5 075 670	1 247 112
Developers Contributions	104 034	2 165 718
Public Contributions	1 160 379	30 659
Connection Fees	4 255 442	1 293 646
Other	-	-
Total public contributions	10 595 524	4 737 135

		2008	2007
25.1	**District Municipality**	R	R
	Balance unspent at beginning of year	3 821	79 401
	Current year receipts	5 071 849	1 171 532
	Adjustments	-	-
	Conditions met - transferred to revenue	5 075 670	1 247 112
	Conditions still to be met - transferred to liabilities (see note 10)	-	3 821
25.2	**Developers Contributions**		
	Balance unspent at beginning of year	201 195	776 648
	Current year receipts	-	2 450 329
	Adjustments	(97 161)	860 065
	Conditions met - transferred to revenue	104 034	2 165 718
	Conditions still to be met - transferred to liabilities (see note 10)	(0)	201 195
25.3	**Public Contributions**		
	Balance unspent at beginning of year	5 825	785
	Current year receipts	1 192 832	35 700
	Adjustments	(5 928)	-
	Conditions met - transferred to revenue	1 160 379	30 659
	Conditions still to be met - transferred to liabilities (see note 10)	32 351	5 825

The Municipality receives grants from various private funders for operational and capital projects. Other than the amounts unspent the conditions of the grants have been met. No funds have been withheld.

26.	**EMPLOYEE RELATED COSTS**		
	Employee-related costs - Salaries, Wages & Bonuses	62 512 708	54 046 765
	Employee-related costs - Contributions for UIF, pensions & medical aids	14 073 789	11 703 618
	Contributions to Post Retirement Benefits Provision	5 994 816	60 163 147
	Contributions to Long Service Bonus Provision	674 275	3 149 950
	Contributions to Leave Gratuity Provision	1 595 946	859 298
	Travel, motor car, accommodation, subsistence & other allowances	6 084 995	5 584 126
	Housing benefits & allowances	865 511	762 061
	Overtime payments	5 766 482	5 231 808
	Executive packages	4 158 422	3 364 311
	Less: Employee costs capitalised and to other operating maintenance	(145 529)	(468 621)
	Total employee-related costs	101 581 414	144 396 464
	Remuneration of the Municipal Manager		
	Annual remuneration	575 587	567 929
	Performance bonuses	118 933	111 747
	Car allowance	120 000	82 487
	Administration		-
	Telephone		-
	Contributions to UIF, Medical & Pension Funds	97 260	68 899
	Group Insurance		-
	Industrial Council	38	36
	Total	911 818	831 099
	Remuneration of the Chief Financial Officer		
	Annual remuneration	397 296	361 062
	Performance bonuses	96 142	90 334
	Car allowance	96 000	96 000
	Contributions to UIF, Medical & Pension Funds	140 988	132 598
	Group Insurance	6 624	6 624
	Industrial Council	38	36
	Total	737 089	686 654

Remuneration of individual executive directors	**Electro-Technical**	**Technical**	**Corporate**	**Community**
30 June 2008	**Services**	**Services**	**Services**	**Services**
Annual remuneration	416 696	101 305	339 333	328 592
Performance bonuses	96 142	96 142	96 142	96 142
Acting allowance		170 058	32 047	
Car allowance	102 000		100 000	108 000
Administration				79 985
Telephone				36 000
Contributions to UIF, Medical & Pension Funds	115 589	5 513	90 219	81 707
Group Insurance	6 624		4 539	6 624
Industrial Council	38	6	32	38
Total	737 089	373 024	662 312	737 089

Remuneration of individual executive directors 30 June 2007	Electro-Technical Services	Technical Services	Corporate Services	Community Services
Annual remuneration	162 618	237 129	315 188	291 380
Performance bonuses	37 639	37 639	15 056	90 334
Acting allowance	-	34 539	-	-
Car allowance	42 500	-	100 000	108 000
Administration	-	-	12 293	79 985
Telephone	-	-	20 000	36 000
Contributions to UIF, Medical & Pension Funds	43 034	13 783	80 147	74 295
Group Insurance	2 760	-	5 520	6 624
Industrial Council	15	15	30	36
Total	288 566	323 105	548 234	686 654

27. REMUNERATION OF COUNCILLORS

	2008 R	2007 R
Executive Mayor	403 435	375 296
Executive Deputy Mayor	372 584	361 158
Speaker	304 531	281 015
Mayoral Committee members	918 529	854 468
Councillors	2 298 039	2 146 276
Councillors' pension contributions	515 467	453 914
Councillors' medical contributions	66 198	56 402
Travel Cost in Excess of 500km	17 471	18 961
Total Councillors' remuneration	4 896 255	4 547 490

In kind benefits

The Executive Mayor, Executive Deputy Mayor, Speaker and Mayoral Committee members are employed on a full-time basis. Each is provided with an office and administrative secretarial support at Councils cost. The Executive and Deputy Mayor have access to Council-owned vehicles for ceremonial and official functions. Full-time Councillors are equipped with computers in their offices or at their homes.

Certification by Municipal Manager

The salaries, allowances and benefits of the Councillors as disclosed above are within the upper limits of the framework envisaged in Section 219 of the Constitution.

28. BAD DEBTS

Contribution to Bad Debt Provision	2 481 899	5 134 041
Bad Debts : Services	1 498 543	585 585
	3 980 442	5 719 626

29. INTEREST PAID

External Borrowings	636 560	554 132
Current Deposit	17 316	47 065
Total interest	653 875	601 197

30. BULK PURCHASES

Electricity	50 793 081	53 003 273
Water	6 363 950	5 486 928
Total bulk purchases	57 157 031	58 490 201

31. GRANTS & SUBSIDIES PAID

Grant in Aid (Assessment Rates)	-	-
Grant in Aid (Services)	2 098 524	2 878 815
Subsidy: Benefit Discount Scheme	463 072	995 406
SPCA	297 049	208 641
Hessequa Municipality	20 000	-
Other Donations	80 000	-
Total grants & subsidies	2 958 645	4 082 862

Notes to Grants and Subsidies

Other Donations consists of contributions to Mossel Bay Tourism to the amount of R20000 and a contribution to Mossel Bay Business Chambers of R60000 in the 2007/08 financial year.

32. GENERAL EXPENSES

	2008	2007
	R	R
Audit Fees - External Auditors	909 807	896 171
Bank Charges	1 474 335	1 292 490
Community Meetings	-	50 272
Conferences & Seminars	36 216	48 219
Consultant Fees	825 731	2 134 357
Contract Work	3 301 385	1 368 884
Contributions to Alien Vegetation Provision	39 020	1 126 800
Contributions to Illegal Dumping Provision	19 445	245 000
Entertainment - Public	10 510	8 084
Fuel & Oil	3 880 469	3 049 856
Hire Charges	95 470	42 614
Housing: Top Structures	7 586 284	270 153
Impairment on Investments	2 442 000	
Industrial & Tourism - Sect. 21 Co	2 184 687	2 010 888
Insurance	2 349 338	1 803 647
Inventory Items	6 355 146	8 286 389
Lease Charges	-	(48 894)
Legal Costs	455 299	182 334
Levy - Bargaining Council	27 245	26 518
Levy - D.M.: Establishment	-	-
Levy - D.M Services	-	-
Levy - Skills Development (SETA)	724 956	622 194
Levy - Water : DWAF	406 859	410 901
Levy-Water Catchmt Man:DWAF	71 343	-
Licence Fees	257 217	257 768
Materials and Stores	5 238 399	4 161 731
Mayor's Public Expenses	3 153	33 352
Municipal Charges	8 765 379	8 359 098
Public Functions	112 928	102 282
Refuse Tip Site - External	1 710 711	1 741 067
Relief / Charitable Expenses	79 974	29 959
Transfer to Transformation Funds	-	-
Transfer to Equitable Share	15 757 656	14 317 211
Street Lighting	1 294 184	1 235 049
Telephones and Communications	1 643 708	1 382 269
Travelling & Subsistence	386 548	219 872
Water Rural Areas	153 095	307 458
Other	11 454 459	7 368 168
Less:	(1 500 592)	(686 496)
Stores handling charges	(520 666)	(458 638)
Vehicle and Equipment Recoveries	(14 204)	(13 771)
Departmental Costs	(155 066)	-
Recoverable Expenditure	(810 656)	(214 087)
	78 552 367	62 655 666

33. DISCONTINUING OPERATIONS

The operations of the health services, namely Clinics, Community Services and Prime Health Care, was discontinued during the year and transferred to the Provincial Administration Western Cape. The analysis of the profit as disclosed on the Statement of Financial Performance is as follows:

Government subsidies	281 758	4 041 212
Insurance claims	-	26 647
Licenses and Permits	-	-
Gains from disposal of property, plant and equipment	-	13 158
Total income	281 758	4 081 017
Less: Expenditure	265 146	3 016 526
General expenses	162 270	160 494
Employee related cost	102 876	2 842 194
Repairs and maintenance	-	13 838
Net surplus from discontinuing operations	16 612	1 064 491

The requirements of IFRS 5 have been applied prospectively as allowed by the mentioned Standard.

34. PRIOR YEAR ADJUSTMENTS

34.1 Post Retirement Benefits: (Refer Note 5)

The new Actuary used for the 2008 Employee Benefits has shown that the previous actuary used incorrect information in creating the report for the 2007 year on the Medical Aid Benefits. The new actuary has confirmed this with the previous actuary used.

	2008 R	2007 R
Medical Aid Benefits:		
2007 year Actuarial report		70 029 687
2008 year Actuarial report		(56 576 956)
Difference between Actuarial reports		13 452 731

The Provision for Post Retirment benefits and the Accumulated surplus was adjusted accordingly.

34.2 Long term Receivables: (Refer Note 15)

New study loans for the 2006/07 financial year was processed as an expenditure in the 2006/07 year and was not transferred to the receivables control account.

Balance at 30 June 2007 on 2006/07 financial statements	31 630
Amount of Study loans transferred to the loan receivables control account for 2006/07 loans	342 266
Restated balance of Study loans as at 30 June 2007	373 895

The Long term Receivables control account and the Accumulated surplus was adjusted accordingly.

34.3 Implementation of IAS 39 - Financial Instruments (Refer Notes 4 and 15)

Due to the implementation of IAS 39 the Municipality's Long-term Receivables and Long-term Liabilities was restated to the fair values.

34.3.1 Restatement of fair values of Long-term Receivables (Note 15):

Car Loans	
Balance at 30 June 2007 on 2006/07 financial statements	172 256
Total restatement of fair values on loans	(30 640)
Unamortised discount on loan for years up to 2005/06	21 543
Unamortised discount on loan 2006/07	4 791
Total amount of restatement	(4 306)
Restated balance of Car loans as at 30 June 2007	167 950
Computer Loans	
Balance at 30 June 2007 on 2006/07 financial statements	7 622
Total restatement of fair values on loans	(5 147)
Unamortised discount on loan for years up to 2005/06	4 130
Unamortised discount on loan 2006/07	808
Total amount of restatement	(210)
Restated balance of Car loans as at 30 June 2007	7 412
Public Assistance loans	
Balance at 30 June 2007 on 2006/07 financial statements	1 741 001
Total restatement of fair values on loans	(1 853 015)
Unamortised discount on loan for years up to 2005/06	553 681
Unamortised discount on loan 2006/07	76 761
Total amount of restatement	(1 222 572)
Restated balance of Car loans as at 30 June 2007	518 429
Total amount of restatement of Long-term Receivables due to implementation of IAS 38 - Financial Instruments:	**(1 227 088)**

The Long term Receivables control accounts and the Accumulated surplus was adjusted accordingly.

34.3.2 Restatement of fair values of Long-term Liabilities (Note 4):

	2008 R	2007 R
Annuity loans		
Balance at 30 June 2007 on 2006/07 financial statements		873 996
Total restatement of fair values on loans		2 493 411
Unamortised discount on loan for years up to 2005/06		(2 149 312)
Unamortised discount on loan 2006/07		(109 705)
Total amount of restatement		234 395
Restated balance of Car loans as at 30 June 2007		639 601
Local registered stock loans		
Balance at 30 June 2007 on 2006/07 financial statements		949 222
Total restatement of fair values on loans		62 793
Unamortised discount on loan for years up to 2005/06		29 470
Unamortised discount on loan 2006/07		7 863
Total amount of restatement		100 125
Restated balance of Car loans as at 30 June 2007		849 097
Total amount of restatement of Long-term Receivables due to implementation of IAS 38 - Financial Instruments:		**334 521**

The Long term Liabilities control accounts and the Accumulated surplus was adjusted accordingly.

34.4 Finance lease liability (Refer note 4 and Appendix

The Finance lease liability in the previous financial year were shown at cost excluding vat.
The previous year amount was therefor restated as follows:

Finance leases : Balance on previous year statements	(2 273 222)
Adjustment	242 118
Restated balance on Finance leases for 2006/07 financial year	(2 031 104)

The Finance lease accounts and the Accumulated surplus was adjusted accordingly.

34.5 VAT Provision (Refer Note 11)

The VAT provision account contained vat for previous years
Arrangement schemes on services, which was not written back
when the debt was written off during the previous year.

VAT provision adjustment on old Arrangement schemes	24 016

The VAT provision and Accumulated surplus was adjusted accordingly.

Total correction of error	13 168 563

34.6 Housing Development fund (Refer Note 2)

As a lack of sufficient funds in the Housing Development fund during the 2006/07 financial year, the property held for resale was not transferred to the fund. The correction was done in terms of the Housing Act 1977 (Act. No 107 of 97 Section 14(4)(a)(d)(ii). 7 406 389

The Housing Development Fund and the Accumulated surplus was adjusted accordingly.

34.7 Debtor for Housing Administration account (Refer Note 18)

As a lack of sufficient funds in the Housing Development Fund, the balance deficit on the Housing Administration Operating account was not transferred to the Housing development fund in the 2006/07 year. This deficit is now recovered from the Department of Housing as an unfunded mandate according to the Constitution. A debtor was raised for the recovery amount. The correction was done in terms of the Housing Act 1977 (Act. No 107 of 97 Section 14(4)(a)(d)(ii). 1 500 683

The Other Debtors and the Accumulated surplus was adjusted accordingly.

34.8 Accrued Insurance claims - Other income (Note 24)

An accrual was raised for outstanding insurance claims as at 30 June 2007, but this income did not realise as an operating income. This income received as a creditor for the financing of new capital assets. (249 505)

The accrued income and Accumulated surplus was adjusted accordingly.

		2008 R	2007 R
34.9	Loss on depreciation i.r.o. Capital Assets written off (Note 12)		
	The nett effect of assets capitalised in previous years was written off during the 2007/08 financial year.		
	Capital assets at cost		(1 845 956)
	Accumulated depreciation		588 276
	Total nett effect		(1 257 679)
	The Accumulated Depreciation, Property Plant and Equipment cost and Accumulated surplus was adjusted accordingly.		
34.10	Asset not qualifying as Intangible assets in accordane with IAS38 (AC129)		
	During the 2006/07 financial year the valuation roll was capitalised as Intangible assets. According to IAS38 the valuation roll did not qualify as such.		(1 150 350)
	The Intangible assets and Accumulated surplus was adjusted accordingly.		
34.11	Asset not qualifying as Intangible assets in accordane with IAS38 (AC129)		
	During the 2006/07 financial year the valuation roll was capitalised as Intangible assets. According to IAS38 the valuation roll did not qualify as such. This amount was transferred to the Capital Replacement Reserve during the 2006/07 financial year.		(1 150 350)
	The Capital Replacement Reserve and Accumulated surplus was adjusted accordingly.		

35. CHANGE IN ACCOUNTING POLICY

No changes in accounting estimates in terms of the Standards of GRAP 3.

36. CHANGE IN ACCOUNTING ESTIMATE: PROVISION FOR BAD DEBTS REVIEWED

No changes in accounting estimates in terms of the Standards of GRAP 3.

37. CASH GENERATED BY OPERATIONS

Surplus for the year	24 506 436	19 406 770
Adjustment for:		
Depreciation and Amortisation	28 318 161	23 141 804
Depreciation - Previous year adjustment		(1 825 812)
Gain and loss on disposal of property, plant and equipment	222 101 238	(115 009)
Contributions to provisions (non-current)	6 966 834	63 325 547
Contributions to provisions (current)	2 311 805	2 662 806
Actuarial loss	2 710 945	
Contributions to bad debt provision	1 935 896	9 317 097
Bad Debts written off	(19 350 078)	-
Investment Income	(16 830 814)	(17 269 843)
Unamortised discounts	(2 711)	-
Interest paid	653 875	601 197
Operating surplus before working capital changes:	**253 321 587**	**99 244 556**
(Increase) / Decrease in inventories	1 901 501	6 492 631
(Increase) / Decrease in debtors	11 184 039	(13 561 671)
(Increase) / Decrease in other debtors	(6 351 090)	(1 746 522)
(Decrease) / Increase in conditional grants & receipts	(9 135 594)	7 186 002
Increase / (Decrease) in creditors	3 178 948	5 985 437
Cash generated by operations	**254 099 392**	**103 600 434**

38. CASH & CASH EQUIVALENTS

Cash & cash equivalents included in the cash flow statement compromise the following statement of amounts indicating financial position:

Cash	10 980	9 380
Bank balance	7 486 258	(21 126 209)
Total cash and cash equivalents	7 497 238	(21 116 829)

39. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term liabilities (see note 4)	4 723 276	4 096 443
Used to finance PPE - at cost	-	-
Sub-total	4 723 276	4 096 443

Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date (See note 20).

40.	UNAUTHORISED, IRREGULAR, FRUITLESS & WASTEFUL EXPENDITURE DISALLOWED	2008 R	2007 R
40.1	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure		
	Opening balance	-	-
	Unauthorised expenditure current year	-	-
	Approved by council or condoned	-	-
	Transfer to receivables for recovery (note 17)	-	-
	Unauthorised expenditure awaiting authorisation	-	-

		2008 R	2007 R
40.2	**Fruitless & wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	-	-
	Fruitless and wasteful expenditure current year	-	-
	Condoned or written off by Council	-	-
	To be recovered - contingent asset	-	-
	Fruitless and wasteful expenditure awaiting condonement	-	-
40.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure		
	Opening balance	-	-
	Fruitless and wasteful expenditure current year	42 488	-
	Recovered	(42 488)	-
	Condoned or written off by Council	-	-
	Transfer to receivables for recovery - not condoned	-	-
	Irregular expenditure awaiting condonement	-	-

Incident	Disciplinary steps/criminal proceedings
Cash theft	Employee resigned - SAPS case number MAS60/04/2008

41.	ADDITIONAL DISCLOSURES i.t.o THE MFMA		
41.1	**Contributions to SALGA**		
	Opening balance	-	-
	Council subscriptions	425 003	281 847
	Amount paid - current year	(425 003)	(281 847)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
41.2	**Audit fees**		
	External Audit Fees		
	Opening balance	-	-
	Current year audit fee	909 807	896 171
	Amount paid - current year	(909 807)	(896 171)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
	Internal Audit Fees		
	Opening balance	-	-
	Current year audit fee	736 220	613 720
	Amount paid - current year	(736 220)	(613 720)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
41.3	**VAT**		
	VAT inputs receivables and VAT outputs receivables are shown in Note 11.		
	All VAT returns have been submitted by the due date throughout the year.		
41.4	**PAYE and UIF**		
	Opening balance	-	-
	Current year payroll deductions	11 369 768	9 508 159
	Amount paid - current year	(11 369 768)	(9 508 159)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
41.5	**Pension, Provident and medical aid deductions**		
	Opening balance	-	-
	Current year payroll deductions and council contributions	21 502 483	18 958 501
	Amount paid - current year	(21 502 483)	(18 958 501)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-

41.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days:

30 June 2008	Total	Outstanding less than 90 days	Outstanding more than 90 days
J Booyens	1,697	1,171	526
Total Councillor Arrear Consumer Accounts	1 697	1 171	526

30 June 2007	Total	Outstanding less than 90 days	Outstanding more than 90 days
None			
Total Councillor Arrear Consumer Accounts	-	-	-

During the year the following councillors had arrear accounts outstanding for more than 90 days:

	Highest Amount Outstanding	Ageing
30 June 2008		
J Booyens	756	90+ days
30 June 2007		
None		

41.7 Non-compliance with Chapter 11 of the MFMA

The following deviations and ratifications of minor breaches of procurement processes are reported to council in terms of Paragraph 36(2) of the SCM Policy:

SERVICE CONTRACTS:

No deviations and ratifications of minor breaches of procurement processes with regards to service contracts were reported.

TENDERS:

No deviations and ratifications of minor breaches of procurement processes with regards to tenders were reported.

		2008 R	2007 R
41.8	**LEVIES PAID TO OTHER GOVERNMENT ORGANISATIONS**		
41.8.1	**Levy Department of Water Affairs and Forestry : Water**	406 859	410 901
41.8.2	**Levy Department of Water Affairs and Forestry : Water Catchment Management**	71 343	-
41.8.3	**Skills Development Levy**	724 956	622 194

		2008 R	2007 R
42.	**CAPITAL COMMITMENTS**		
	Commitments in respect of capital expenditure:		
	-approved and contracted for	57 143 601	37 715 700
	Infrastructure	43 002 500	23 485 700
	Community	9 331 837	2 280 000
	Specialised Vehicles		11 950 000
	Other	4 809 264	
	-approved but not yet contracted for	39 994 000	51 319 566
	Infrastructure	30 620 000	42 167 466
	Community	844 000	4 454 800
	Other	530 000	2 135 300
	Housing Development Fund	8 000 000	2 562 000
	Total	97 137 601	89 035 266
	This expenditure will be financed from:		
	-Finance leases	1 600 000	-
	-Capital replacement reserve	70 461 257	59 942 266
	-Government grants	18 076 344	19 073 000
	-Public contributions / donations	3 000 000	6 020 000
	-District Council grants	-	-
	-Housing Trust Fund	4 000 000	4 000 000
		97 137 601	89 035 266

43. RETIREMENT BENEFIT INFORMATION

43.1 Post Employment Health Care Benefits

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2008	2007
- In-service members	400	363
- Continuation members	95	86
Total	**495**	**449**

The liability in respect of past service has been estimated to be as follows:	2 008 R	2 007 R
- In-service members	31 929 042	30,470,431
- Continuation members	31 029 227	26,106,525
	62 958 269	**56,576,956**

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:
- Bonitas;
- Global Health;
- Hosmed;
- LA Health;
- Munimed;
- Samwumed.

The future service cost for the ensuing year is established to be R2 269 893 whereas the interest-cost for the next year is estimated to be R6 730 239.

Key actuarial assumptions used:	2008	2007
i) Rate of interest		
Investment return	**10.69%**	**8.64%**
Health Care Cost Inflation Rate	**9.69%**	**7.64%**
Net Effective Discount Rate	**1%**	**1.00%**

ii) Mortality rates
The PA 90 ult (rated down 1 year). Mortality table was used by the actuaries.

iii) Normal retirement age
The normal retirement age for employees of the municipality is 60 years.

iv) Gender
Where the gender of pensioners had not been available for the actuaries, the prudent assumption had been made that those pensioners are females.

v) Current age
Where the dates of birth of continuation members had not been available to the actuaries, an age of 62 had been assumed, as the average age of continuation members is 62.

The amounts recognised in the Statement of Financial Position are as follows:

	2008 R	2007 R
Present value of fund obligations	62 958 269	70 029 687
Fair value of plan assets	-	-
	62 958 269	70 029 687
Unrecognised past service cost	-	-
Unrecognised actuarial losses	-	-
Present value of unfunded obligations	62 958 269	70 029 687
Net liability	62 958 269	70 029 687

The municipality had elected to recognise the full increase in this defined benefit liability immediately, as per IAS 19 *Employee Benefits,* paragraph 155(a).

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	2 567 800	-
Interest cost	6 050 565	-
Vested past service cost		56 933 147
Total included in employee related costs (Note 26)	8 618 365	56 933 147

The movement in the defined benefit obligation over the year is as follows:

Beginning of the year	56 576 956	12 676 062
Current service cost	1 017 594	
Contributions	-	59 133 147
Interest cost	4 888 249	
Benefits paid	(1 828 463)	(1 779 522)
Actuarial losses	2 303 933	
Correction of prior year contribution		(13 452 731)
End of the year	62 958 269	56 576 956

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	Increase	Decrease
Effect on the aggregate of the current service cost and the interest cost	5 964 901	5 846 785
Effect on the defined benefit obligation	63 587 852	62 328 686

43.2 Ex-Gratia Pensioners Defined Benefit Obligation

The Ex-Gratia Pensioner Benefit Plan is a defined benefit plan. As at 1 March 2007, 17 pensioners were elegible for payments in terms of this plan.

The Municipality provides pension benefits to all employees that are not members of the Pension - or Provident Funds, that have completed at least 10 years of service at the Council and have reached the age of 60. The benefit is calculated according to the average annual salary earned during the last year of service multiplied by number of years of service, devided by 60.

The contribution rate payable is as follows:
For continuation members, the member contribution is 70 % and the Councill contribution is 30%. For current employees the contribution rate is 60/40.

The interest-cost for the next year is estimated to be R86 681. Actuaries are of opinion that future service cost need not be determined for pension fund liability as all benefits vests immediately.

Key actuarial assumptions used:	2008	2007
i) Rate of interest		
Investment return	**8.64%**	**8.64%**
Post Retirement Interest Rate	**4.25%**	**4.25%**
Net Effective Discount Rate	**1.89%**	**1.89%**

	2008	2007
The above-mentioned investment return assumption was arrived at as follows:		
Yield on R186 government bond as of 1 March 2007	**7.39%**	**7.39%**
Corporate Bond Risk Premium	**1.25%**	**1.25%**
	8.64%	**8.64%**

ii) Mortality rates
The PA 90 ult. Mortality table was used by the actuaries

iii) Gender
The gender of the pensioners had not been taken into account in the actuarial valuation, hence the prudent assumption had been made that all pensioners are female.

iv) Other information	R
Total monthly pension for all pensioners	10 025
Average monthly pension per pensioner	590

The amounts recognised in the Statement of Financial Position are as follows:

	2008 R	2007 R
Present value of fund obligations	1 003 246	1 030 000
Fair value of plan assets	-	-
	1 003 246	1 030 000
Unrecognised past service cost	-	-
Unrecognised actuarial losses	-	-
Present value of unfunded obligations	1 003 246	1 030 000
Net liability	1 003 246	1 030 000

The municipality had elected to recognise the full increase in this defined benefit liability immediately, as per IAS 19 *Employee Benefits,* paragraph 155(a).

The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	-	-
Interest cost	88 973	-
Actuarial gain	(6 497)	
Vested past service cost	-	1 030 000
Total included in staff costs (Note 26)	82 476	1 030 000

The movement in the defined benefit obligation over the year is as follows:

Beginning of the year	1 030 000	-
Current service cost	-	-
Contributions		1 030 000
Interest cost	88 973	-
Benefits paid	(109 015)	-
Actuarial gain	(6 497)	-
End of the year	1 003 461	1 030 000

43.3 Long Service Awards

The Long Service Awards plan is a defined benefit plan. As at 30 June 2007, 642 employees were elegible for Long Service Awards.

The future service cost for the ensuing year is estimated to be R388 192, whereas the interest-cost for the next year is estimated to be R347 731.

Key actuarial assumptions used:	2008	2007
Discount rate	**8.00%**	**8.00%**
Salary Inflation Rate	**6.00%**	**6.00%**
Net Effective Discount Rate	**1.89%**	**1.89%**

The amounts recognised in the Statement of Financial Position are as follows:

	2008 R	2007 R
Present value of fund obligations	4 346 643	3 935 469
Fair value of plan assets	-	-
	4 346 643	3 935 469
Unrecognised past service cost	-	-
Unrecognised actuarial losses	-	-
Present value of unfunded obligations	4 346 643	3 935 469
Net liability	4 346 643	3 935 469

The municipality had elected to recognise the full increase in this defined benefit liability immediately, as per IAS 19 *Employee Benefits,* paragraph 155(a).

The amount recognised in the Statement of Financial Performance are as follows:

Current service cost	359 437	-
Interest cost	314 838	-
Vested past service cost	-	3 149 950
Total included in staff costs (Note 26)	674 275	3 149 950

The movement in the defined benefit obligation over the year is as follows:

Beginning of the year	3 935 469	1 127 824
Current service cost	359 437	-
Contributions	-	3 356 758
Interest cost	314 838	-
Benefits paid	(676 610)	(549 113)
Actuarial losses	413 509	-
	4 346 643	3 935 469

The effect of a 1% movement in the assumed general salary inflation rate is as follows:

	Increase	Decrease
Effect on the aggregate of the current service cost	681 018	667 532
Effect on the defined benefit obligation	4 390 109	4 303 177

43.4 INFORMATION ABOUT THE MUNICIPALITY'S OTHER RETIREMENT FUNDS

The personnel of the Mosselbay Municipality are members of the funds as set out below. These schemes are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below. The Cape Joint Pension Fund and Cape Joint Retirement Fund are defined benefit plans, wheras the Municipal Councillors Fund and the Providend Fund are defined contribution plans. Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:

- The assets of each fund are held in one portfolio; these assets are not notionally allocated to each of the participating employers.
- One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- The same rate of contrbutions applies to al participating employers, and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

CAPE JOINT PENSION FUND

The Cape Joint Pension Fund is a multi-employer plan and the contribution rate payable is 9%, by the members and 18% by Council. The last valuation performed for the year ended 30 June 2006 (30 June 2005) revealed that the fund had an actuarial surplus of R293,01 (R87,2) million with a funding level of 111,4% (103,4%), and is in a sound financial state as at 30 June 2006.

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%) is sufficient to fund the benefits accruing from the fund in future. The last valuation performed for the year ended 30 June 2006 (30 June 2003) revealed that the fund had an actuarial surplus of R38,58 (R0) million with a funding level of 114% (100%). Certified in a sound financial position as at 30 June 2006.

SALA PENSION FUND

The fund has been certified in a sound financial position as at 1 July 2006 and has improved to a position where it is now 100% funded. It should be noted that the rule amendments giving effect to the changes as at 1 July 2003 in terms of the previous Scheme of Arrangement have been approved. Although these rule amendments were fully backdated, there is a risk that some agterskot benefit payments may still necessary in terms of the precedent set by the Adjudicator's ruling that a member was underpaid in a specific instance. Provision for this eventuality has been made in the financial account of the Fund. The Council is contributing an additional 2,71% to the fund as from 1 July 2005 effective from July 2003.

MUNICIPAL COUNCILLORS PENSION

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and council (15%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

SOUTH AFRICAN MUNICIPAL WORKERS UNION NATIONAL PROVIDENT FUND

The contribution rate payable is 5% by the members and not less that 12% by Council. The last valuation performed for the year ended 30 June 2005, certified that the fund is in a sound financial state.

44. RELATED PARTY TRANSACTIONS

Parties are considered to be related if:
- One party has the ability to control the other party or
- Exercise significant influence over the other party in making financial and operating decisions.

44.1 Related Party Transactions

	Rates and service charges R	Outstanding balances R
Year ended 30 June 2008		
Councillors	123 995	-
Municipal Manager and Section 57 Personnel	35 275	-
Municipal Entities	-	-
Year ended 30 June 2007		
Councillors	117 242	-
Municipal Manager and Section 57 Personnel	24 524	-
Municipal Entities	-	-

The rates, service charges and other charges are in accordance with approved tariffs that was advertised to the public. No bad debt expenses had been recognised in respect of amounts owed by related parties.

44.2 Related Party Loans

Loans to Councillors and senior management employees are no longer permitted since 1 July 2004. Loans that were granted prior to this date, together with the conditions, are disclosed in note 15 to the Annual Financial Statements.

44.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 26.

44.4 Other related party transactions

The Municipality is involved in business transactions with a company that is owned by the sons of Alderlady M Ferreira. Alderlady M Ferreira do not have any shareholding or interest in the company mentioned above.
The transactions are concluded in full compliance with the Supply Chain Management policy of the Council and the transactions are considered to be at arms length.

45. FINANCIAL RISK MANAGEMENT

Credit risk is defined as the risk that one party to a financial instrument will fail to honour their obligation, thus causing the other party to incur a financial loss.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest rate changes.

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long term debtors, consumer debtors, other debtors, short term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well established financial institutions of high quality credit standing. The credit exposure to any single counterparty is managed by setting transaction/exposure limits, which are included in the municipality's investment policy. These limits are reviewed annually by the CFO and authorised by the mayoral committee.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt. Outstanding accounts are followed up monthly and the supply of electricity accounts not paid on due date are cut immediately.

The maximum credit and interest rate risk exposure in respect of relevant financial instruments is as follows:

Description of type of financial instrument	2008 R	2007 R
Fixed deposit investment	196 066 660	207 000 000
Long term receivables	5 030 072	6 298 920
Consumer debtors	51 528 842	61 375 149
Other debtors	3 730 965	5 068 698
Bank and cash balances	7 497 238	9 380

46. FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial assets of the municipality are classified as follows:

SUMMARY OF FINANCIAL ASSETS

Held to maturity:			
Investments	Fixed deposits	66 660	-
Short-term Investment Deposits	Fixed deposits - due within 12 months	196 000 000	207 000 000
Bank Balances		7 486 258	-
Cash Floats and advances		10 980	9 380
		203 563 898	207 009 380
Loans and Receivables:			
Long-term Receivables	Car Loans	92 778	167 950
Long-term Receivables	Study Loans	172 805	373 895
Long-term Receivables	Computer Loans	(0)	7 412
Long-term Receivables	Land Sales Debtors	43 867	55 928
Long-term Receivables	Public Assistance Loans	474 265	518 429
Long-term Receivables	Housing Selling Scheme Loans	4 246 356	5 175 305
Consumer Debtors	Service debtors	51 528 842	23 913 844
Consumer Debtors	Debtpack Collections	989 638	980 660
Consumer Debtors	Land Sales	85 321	77 864
Consumer Debtors	Housing Instalments	1 285 582	791 684
Consumer Debtors	Housing rentals	308 552	40 057
Consumer Debtors	Sundry Debtors	1 061 873	593 870
Other Debtors	Accrued Income	10 514 929	9 633 795
Other Debtors	Government subsidies	724 894	105 163
Other Debtors	Other Debtors	9 515 316	4 665 091
Current portion of Long-term Receivables	Car Loans	45 897	149 363
Current portion of Long-term Receivables	Computer Loans	-	6 145
Current portion of Long-term Receivables	Loans Public Organisations	161 493	124 313
Current portion of Long-term Receivables	Land Sales Debtors	2 754	1 540
		81 255 162	47 382 310
Total Financial Assets		284 819 060	254 391 690

47. CONTINGENT LIABILITY

47.1 Contractual disputes

Contractual claims in respect of court cases that are currently in dispute and being addressed through mediation the maximum unforeseen liability is estimated at R5 500 000.

47.2 Guarantees of employees housing loans

Guarantees have been issued to various financial institutions on behalf of officials in respect of the housing loans. This is covered by individual cumulated pensions depending on the years of service. Collateral investments were made in certain cases. The maximum amount of the guarantees amount to R146 834, and council has a right to recovery.

48. EVENTS AFTER THE REPORTING DATE

There is no events that had happended after reporting date that will have a negative impact on Council's finances.

Note 49: Disclosure requirements regarding Exemptions

Std. no.	Standard title	GRAP, GAMAP and/or SA GAAP requirement(s) exempted in terms of General notice 552 of 2007.	Exemption Adopted Y/N	Description of implementation plans that still need to be implemented to achieve full compliance with exempted standards	Extent to which information in the AFS would need to be adjusted to achieve compliance with the exempted standards
GRAP 03	Accounting policies, changes in accounting estimates and errors	Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31). A list of these standards is as follows: GRAP 4 The Effects of Changes in Foreign Exchange Rates GRAP 5 Borrowing Costs GRAP 6 Consolidated AFS GRAP 7 Associates GRAP 8 JV's GRAP 9 Revenue GRAP 10 Financial Reporting in Hyperinflationary Economies GRAP 11 Construction Contracts GRAP 12 Inventories GRAP 13 Leases GRAP 14 Events After the Reporting Date GRAP 16 IP GRAP 17 PPE GRAP 18 Segment Reporting GRAP 19 Provisions, Contingent Liabilities and Contingent Assets GRAP 100 Non Current assets held for sale GRAP 101 Agriculture GRAP 102 Intangible Assets	Y	**The following GRAP standards have been issued but are not yet effective. The implementation plans that still need to be implemented to achieve full compliance with the standards are set out below.** GRAP 4,6,7,8,9,12,17,19 Currently the municipality adheres to the requirements of the comparable GAMAP standards. Determine the difference between the applicable accounting treatment and disclosure requirements of the GAMAP versus the GRAP standards and make any necessary adjustments to the AFS. GRAP 5 Borrowing Costs. Determine the applicable accounting treatment and disclosure requirements of GRAP 5 for the municipality. GRAP 10 and 11. The municipality does not have these types of transactions. GRAP 13, 14, 16, 18, 100, 101 and 102. The municipality adheres to the requirements of the comparable GAAP standards except for the exemptions adopted as set out below per standard.	Highly likely that no adjustments to the AFS will be required as there are no fundamental differences between these GAMAP and GRAP standards. A portion of interest cost on interest bearing borrowings, in respect of assets that take a substantial period of time for construction and before they are ready for use, may be capitalised to the relevant asset and will result in interest cost in the Statement of Financial Performance reducing and the cost of the asset increasing. No adjustment required. See adjustments required as per relevant sections of this document set out below.
		Changes in accounting policies (GRAP 3.14, 19)	Y	Although this exemption was adopted, the municipality has not made any changes to accounting policies which has not been properly disclosed.	No adjustments to the AFS are required.
GAMAP 09	Revenue	Initial measurement of fair value; discounting all future receipts using an imputed rate of return	Y	In terms of GAMAP 9 revenue is measured at the fair value of the consideration	No adjustments to the AFS are required.

		(GAMAP 9.12 and SAICA circular 9/06)		received. In most cases the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. Where the inflow of cash or cash equivalents is **deferred,** for example where the entity provides an interest free credit period to the purchaser the fair value of the revenue must then be determined by discounting all future receipts by using an imputed rate of interest. The municipality does not envisage entering into transactions where an interest free credit period is provided to the purchaser of services or goods form the municipality and therefore it is highly unlikely that the municipality will be faced with this type of transaction.	
GAMAP 12	Inventories	The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP17.	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Inventories (GAMAP 12) by 30 June 2008.	No adjustments to the AFS are required as the municipality already complies with the requirements of GAMAP 12.
		The entire standard as far as it relates to water stock that was not purchased by the municipality.	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Inventories (GAMAP 12) by 30 June 2008.	No adjustments to the AFS are required as the municipality already complies with the requirements of GAMAP 12.
GAMAP 17	Property, plant and equipment	Review of useful life of items of PPE recognised in the annual financial statements (GAMAP 17.69 – 61, 77)	Y	1) CFO to issue a memo to all departmental managers at year end to request them to ensure that the remaining useful life of all items of PPE as reflected for assets under their control per the FAR is realistic. 2) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year end. 3) Pass necessary accounting entries and also do necessary disclosure of the change in estimate.	**The following adjustments will need to be made to the AFS if the review of useful lives of PPE result in a change in estimate.** 1) The depreciation charge for the year in which the change in estimate takes place as well as for all other years of the remaining useful life of the asset will be adjusted. This change in accounting treatment will therefore take place prospectively. 2) A note on the change in estimate will be disclosed if the change in estimate is material.

		Review of depreciation method applied to PPE recognised in the annual financial statements(GAMAP 17.62, 77)	Y	1) CFO to issue a memo to all departmental managers at year end to request them to ensure that the depreciation method used to depreciate all items of PPE as reflected as being under their control per the FAR is realistic. 2) CFO to review the depreciation method used to depreciate different classes of assets annually to assess its applicability for each class of asset. 3) Departmental managers should inform the manager responsible for assets of items of PPE with remaining useful lives shorter or longer than those reflected on the FAR at year end. 4) Pass necessary accounting entries and also do necessary disclosure of the change in estimate.	**The following adjustments will need to be made to the AFS if the review of depreciation methods of PPE results in a change in estimate.** 1) The depreciation charge for the year in which the change in estimate takes place as well as for all other years of the remaining useful life of the asset will be adjusted. This change in accounting treatment will therefore take place prospectively. 2) A note on the change in estimate will be disclosed if the change in estimate is material.

		Impairment of non-cash generating assets (GAMAP 17.64 – 69, 75(e)(v) - (vi))	Y	1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that: ➢ Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end); ➢ Are stolen at year end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft); ➢ Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout); ➢ Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life. ➢ Show that they are not performing according to their specifications or according to industry accepted norms. 2) Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.	**The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:** 1) The carrying amount of PPE will be reduced. 2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses. 3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and discloses impairment losses. 4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material. 5) All disclosure requirements as required by IPSAS 21.

		Impairment of cash generating assets (GAMAP 17.63, 75(e)(v) – (vi))	Y	1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that: ➢ Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end); ➢ Are stolen at year end (impairment loss is recorded equal to the carrying amount of stolen assets at the date of the theft); ➢ Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout); ➢ Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life. ➢ Show that they are not performing according to their specifications or according to industry accepted norms. Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.	**The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:** 1) The carrying amount of PPE will be reduced. 2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses. 3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals with and discloses impairment losses. 4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material. 5) All disclosure requirements as required by IAS 36.
IAS 11 AC 109	Construction contracts	Entire standard	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Construction contracts (IAS11) by 30 June 2008.	No adjustments to the AFS are required as the municipality already complies with the requirements of IAS 11.
IAS 14 AC 115	Segment reporting	Entire standard	Y	1) Obtain an understanding of the definitions of business segments and geographical segments as set out in IAS 14. 2) Determine the business and	**The AFS will have to be adjusted to ensure that the disclosure requirements of IAS 14.51 to .67 relating to segment information are met**. The primary reporting format requires inter alia,

				geographical segments of the municipality. 3) Decide on the primary and secondary reporting formats for the entity. Therefore a decision must be made whether business is primary and geographical secondary or vice versa. 4) Change the chart of accounts and accounting software package to ensure that the segmental revenue, expenses, results, assets and liabilities can be accounted for and presented in the AFS according to the primary and secondary reporting formats.	disclosure of: 1) Segment revenue for every reportable segment. 2) Segment results for every reportable segment. 3) Segment assets for every reportable segment. 4) The total cost incurred during the period to acquire reportable segment long term assets. 5) A reconciliation between the information disclosed for reportable segments and the information in the entity's own financial statements. Based on the decision of the entity whether business or geographical segments are the primary reporting format, the secondary reporting format requirements as set out in IAS 14 will also need to be disclosed in the AFS.
IAS17 AC 105	Leases	Recognising operating lease payments / receipts on a straight-line basis if the amounts are recognised on the basis of the cash flows in the lease agreement (IAS 17.33 – 34 and 50 – 51 and SAICA circular 12/06.8 – 11)	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Leases (IAS17) by 30 June 2008.	No adjustments to the AFS are required as the municipality already complies with the requirements of IAS 17.
IAS 19 (AC 116)	Employee benefits	Defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (IAS 19.29, 48 – 119 and 120A(c) – (q))	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Employee Benefits (IAS19 /AC 116) by 30 June 2007.	No adjustments to the AFS are required as the municipality already complies with the requirements of IAS 19.
IAS 20	Accounting for government grants	Entire standard excluding paragraphs 24 and 26, replaced by GAMAP 12.8, 17.25 and 9.42 – 46.	Y	Due to the nature of this standard it is highly doubtful if this IAS standard will ever be applicable to a Municipality.	Due to the nature of this standard it is highly doubtful if this IAS standard will ever be applicable to a Municipality.
IAS 36 (AC 128)	Impairment of assets	Entire standard	Y	1) Identify items of PPE that may have suffered impairment losses at year end by issuing a memo to all departments requesting them to identify assets that: ➢ Are in a state of permanent damage at year end (no impairment losses will be recognised in respect of assets damaged that will be repaired after year end); ➢ Are stolen at year end (impairment loss	**The following adjustments will need to be made to the AFS if impairment losses are calculated and disclosed for the first time:** 1) The carrying amount of PPE will be reduced. 2) The reconciliation between the opening and closing balance of the carrying amount of PPE will have to reflect impairment losses. 3) The accounting policy relating to PPE will have to be amended to indicate how the entity deals

				is recorded equal to the carrying amount of stolen assets at the date of the theft); ➢ Are technologically obsolete at year end (this can be facilitated by supplying departments with a FAR printout pertaining to major assets showing the remaining useful lives of assets - the departments can then assess and indicate cases where the assessed remaining useful life is shorter than the remaining useful life on the printout); ➢ Have remained idle for a considerable period either prior to them being put into use at year end or during their useful life. ➢ Show that they are not performing according to their specifications or according to industry accepted norms. 2) Calculate and record impairment losses by determining the difference between the asset's carrying amount and its recoverable (service) amount where the recoverable amount is less than the asset's carrying amount.	with and discloses impairment losses. 4) The impairment loss itself should be reflected in the notes to the Statement of Financial Performance, if material. 5) All disclosure requirements as required by IAS 36.
IAS 38 (AC 129)	Intangible assets	The entire standard except for the recognition, measurement and disclosure of computer software and website costs (SIC 32) and all other costs are expensed	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Intangible Assets (IAS38 /AC 129) by 30 June 2007.	No adjustments to the AFS are required as the municipality already complies with the requirements of IAS 38.
IAS 39 (AC 133)	Financial instruments: recognition and measurement	Initially measuring financial assets and liabilities at fair value(IAS 39.43, AG79, AG64 – AG65 and SAICA circular 9/06)	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Financial instruments: recognition and measurement (IAS39) by 30 June 2008.	No adjustments to the AFS are required as the municipality already complies with the requirements of IAS 39.

IAS 40 (AC 135)	Investment property	The entire standard to the extent that the property is accounted for in terms of GAMAP 17	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Investment Property (IAS40) by 30 June 2008.	No adjustments to the AFS are required as the municipality already complies with the requirements of IAS 40.
		Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised the investment property in terms of this standard (IAS 40.79(e)(i) – (iii))	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Investment Property (IAS40) by 30 June 2008.	No adjustments to the AFS are required as the municipality already complies with the requirements of IAS 40.
IFRS 3 (AC 140)	Business combinations	Entire standard	Y	1) It is highly likely that the most relevant section of IAS 40 to the municipality is the accounting treatment of goodwill. 2) Goodwill is measured and accounted for by the municipality in accordance with the requirements of IFRS 3.	1) Although this exemption has been adopted, the municipality is of the opinion that no adjustments will need to be made to the AFS as the municipality already fully complies with the relevant requirements of IFRS 3.
IFRS 5 (AC 142)	Non-current assets held for sale and discontinued operations	Classification, measurement and disclosure of non-current assets held for sale (IFRS 5.6 – 29 (in so far as it relates to non-current assets held for sale) and 38 – 42)	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Non-current assets held for sale and discontinued operations (IFRS 5) by 30 June 2008.	No adjustments to the AFS are required as the municipality already complies with the requirements of IFRS 5.
IFRS 7 (AC 144)	Financial instruments: disclosures	Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998	N	The Municipality has consulted with the Western Cape Provincial Treasury/National Treasury to deviate from the financial reporting standards (exemptions in terms of GN No 522 dated 29/06/2007) and have implemented the standard on Financial instruments: disclosure (IFRS 7) by 30 June 2008.	No adjustments to the AFS are required as the municipality already complies with the requirements of IFRS 7.

APPENDICES

Appendix A : Schedule of External Loans

SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

External loans	Loan number	Redeemable	Balance at 30 June 2007	Received during the period	Redeemed written off during the period	Unamortised discount on loans	Balance at 30 June 2008	Carrying value of PPE	Other costs in accordance with the MFMA
STOCK LOANS			R	R	R		R	R	R
Stock loan @ 8.00%	3/82	2007/12/31	333	-	9 000	8 667	-	-	-
Stock loan @ 16.75%	-	2008/12/31	132 000	-	-		132 000	-	-
Stock loan @ 8.00%	1/84	2008/12/31	506	-	-	(323)	183	-	-
Stock loan @ 12.50%	1/93/94	2009/03/13	41 740	-	-		41 740	-	-
Stock loan @ 15.00%	1/89/90	2009/12/31	7 199	-	-	(2 495)	4 704	-	-
Stock loan @ 14.75%	1/92/93	2009/06/29	42 765	-	-		42 765	-	-
Stock loan @ 15.00%	1/97	2012/12/31	12 025	-	-	(1 422)	10 603	-	-
Stock loan @ 15.00%	2/97	2012/12/31	6 246	-	-	(739)	5 507	-	-
Stock loan @ 15.00%	1/99	2013/12/31	4 511	-	-	(347)	4 165	-	-
Stock loan @ 15.00%	2/99	2015/12/31	92 500	-	-		92 500	-	-
Stock loan @ 15.00%	2/2000/01	2015/11/01	13 538	-	-		13 538	-	-
Stock loan @ 15.00%	1/2000/01	2015/07/20	92 308	-	-		92 308	-	-
Stock loan @ 15.00%	4/2000/01	2015/03/01	13 847	-	-		13 847	-	-
Stock loan @ 15.00%	1/2001/02	2016/10/01	178 462	-	-		178 462	-	-
Stock loan @ 15.00%	2/2001/02	2016/10/01	36 924	-	-		36 924	-	-
Stock loan @ 15.00%	1/2002/03	2018/03/07	61 539	-	-		61 539	-	-
Stock loan @ 12.00%	2/2003/04	2018/10/31	30 714	-	-		30 714	-	-
Stock loan @ 12.00%	1/2003/04	2018/09/18	81 939	-	-	(3 262)	78 676	-	-
Total long-term loans			**849 097**	**-**	**9 000**	**79**	**840 175**	**-**	**-**
ANNUITY LOANS									
Eden District Municipality @ 0.00%	-	2009/08/31	376 691	-	162 933	53 678	267 436	-	-
Eden District Municipality @ 0.00%	-	2012/02/28	262 910	-	77 039	37 463	223 334	-	-
Total annuity loans			**639 601**	**-**	**239 972**	**91 142**	**490 770**	**-**	**-**
LEASES									
Rentworks Africa			443 900	209 474	388 683		264691.83	214 282	
Fleet Africa			1 441 398	2 084 064	527 453		2998009.51	2 496 348	
Nashua			145 805	46 809	62 985		129629.5	68 108	
Total leases			**2 031 104**	**2 340 348**	**979 121**	**-**	**3392330.84**	**2 778 738**	**-**
TOTAL EXTERNAL LOANS			**3 519 802**	**2 340 348**	**1 228 093**	**91 220**	**4 723 276**	**2 778 738**	**-**

Appendix B : Analysis of PPE

ANALYSIS OF PPE AS AT 30 JUNE 2008

	Cost/revaluation						Accumulated depreciation						
	Opening balance	Under construction	Additions	Disposals	Reclassification	Closing balance	Opening balance	Additions	Impairment losses	Disposals	Closing balance	Carrying value	Budget additions
Land & Buildings													
Land	102 424 047	-	146 337 012	10 788 217	(49 429 981)	188 542 861	191 035	13 371	-	-	204 406	188 338 455	
Buildings	48 179 702	-	63 471 211	-		111 650 913	18 932 356	1 742 732	-	-	20 675 087	90 975 826	
	150 603 749	-	209 808 223	10 788 217	(49 429 981)	300 193 774	19 123 391	1 756 102	-	-	20 879 493	279 314 281	-
Infrastructure													
Drains	-	9 780 832	47 344 441	-		57 125 273	-	192 928	-	-	192 928	56 932 345	
Roads	85 658 349	9 783 859	258 014 663	85 658 349		267 798 521	24 996 110	6 808 163	-	30 712 891	1 091 382	266 707 139	
Beach improvements	-	-	-	-		-	-	-	-	-	-	-	
Sewerage mains & Purif	70 061 118	6 566 683	412 363 664	70 061 118		418 930 347	21 405 880	3 371 780	-	24 777 500	159	418 930 188	
Electricity mains	87 237 463	-	2 471 879	87 237 463		2 471 879	38 519 179	3 363 394	-	41 850 834	31 739	2 440 139	
Electricity peak load equipment	1 878 267	2 924 031	378 870 839	1 878 267		381 794 870	198 084	135 058	-	298 951	34 191	381 760 679	
Water mains & purification	24 916 878	21 430 592	313 793 883	24 916 878		335 224 474	5 441 525	1 627 826	-	7 066 910	2 441	335 222 033	
Reservoirs - water	9 690 222	-	209 738 931	9 690 222		209 738 931	3 376 379	481 545	-	3 857 924	-	209 738 931	
Water meters	1 972 026	-	-	1 972 026		-	464 306	117 204	-	581 510	-	-	
Water mains	65 111 829	-	22 213 859	65 111 829		22 213 859	23 408 995	2 988 020	-	26 397 015	-	22 213 859	
	346 526 152	50 485 997	1644 812 158	346 526 152	-	1695 298 155	117 810 458	19 085 918	-	135 543 534	1 352 841	1693 945 314	-
Community assets													
Parks & gardens	2 267 224	-	369 582	-		2 636 807	536 599	109 240	-	-	645 839	1 990 967	
Libraries	1 723 141	-	1 550 000	-		3 273 141	548 214	57 438	-	-	605 652	2 667 489	
Recreation grounds	7 735 632	-	4 322 843	-		12 058 475	1 701 106	387 330	-	-	2 088 436	9 970 039	
Civic buildings	12 792 701	-	39 327 600	-		52 120 301	5 906 430	426 422	-	-	6 332 852	45 787 449	
	24 518 698	-	45 570 025	-	-	70 088 723	8 692 349	980 430	-	-	9 672 779	60 415 944	-
Heritage assets													
Historical buildings	-	-	-	-		-	-	-		-	-	-	-
Painting & art galleries	-	-	-	-		-	-	-		-	-	-	-
	-	-	-	-		-	-	-		-	-	-	-
Total carried forward	521 648 599	50 485 997	1900 190 406	357 314 369	(49 429 981)	2065 580 652	145 626 198	21 822 450	-	135 543 534	31 905 113	2033 675 539	-

Appendix B : Analysis of PPE (continues)

ANALYSIS OF PPE AS AT 30 JUNE 2008

	Cost/revaluation						Accumulated depreciation						
	Opening balance	Under construction	Additions	Disposals	Reclassification	Closing balance	Opening balance	Additions	Impairment losses	Disposals	Closing balance	Carrying value	Budget additions
Total brought forward	521 648 599	50 485 997	1900 190 406	357 314 369	(49 429 981)	2065 580 652	145 626 198	21 822 450	-	135 543 534	31 905 113	2033 675 539	-
Housing rental stock													
Housing rental 1	-	-	-	-		-	-	-		-	-	-	-
Housing rental 2	-	-	-	-		-	-	-		-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased assets (Infrastructure)													
Leased assets (Infrastructure)	3 216 309	-	1 641 900	83 242		4 774 968	1 163 398	916 074	-	33 297	2 046 175	2 728 793	-
	3 216 309	-	1 641 900	83 242	-	4 774 968	1 163 398	916 074	-	33 297	2 046 175	2 728 793	-
Other assets													
Landfill sites	-	-	-	-		-	-	-	-	-	-	-	
Office equipment	28 686 383	-	11 933 674	16 506 119		24 113 938	13 007 574	2 703 379	-	10 459 934	5 251 019	18 862 919	
Furniture & fittings	616 785	-	585 459	440 653		761 591	352 677	134 139	-	344 155	142 661	618 930	
Bins & containers	282 863	-	-	-		282 863	92 006	37 702	-	-	129 708	153 154	
Emergency equipment	3 847 632	-	-	3 817 632		30 000	1 665 546	197 061	-	1 832 607	30 000	-	
Motor vehicles	9 834 856	-	4 041 783	4 298 752		9 577 887	5 554 948	678 172	-	2 956 706	3 276 414	6 301 473	
Fire engines	2 490 019	-	-	35 000		2 455 019	441 424	188 677	-	14 437	615 663	1 839 356	
Refuse tankers	2 280 444	-	552 764	1 612 549		1 220 660	533 526	158 584	-	378 884	313 226	907 434	
Computer equipment	6 456 832	-	584 930	5 569 540		1 472 221	3 919 482	912 400	-	4 265 305	566 577	905 644	
Council regalia	-	-	1 980	-		1 980	-	-	-	-	-	1 980	
Conservancy tankers	-	-	-	-		-	-	-	-	-	-	-	
Watercraft	-	-	-	-		-	-	-	-	-	-	-	
	54 495 814	-	17 700 590	32 280 244	-	39 916 160	25 567 183	5 010 114	-	20 252 027	10 325 269	29 590 890	-
Non PPE													
Investment Properties	-	-	465 652 472	-	49 429 981	515 082 453	-	-	2 442 000	-	2 442 000	512 640 453	-
Intangible Assets	6 716 347	-	-	5 545 243		1 171 104	3 272 284	569 523	-	3 267 155	574 652	596 452	
Agricultural Assets	-	-	-	-		-	-	-	-	-	-	-	
	6 716 347	-	465 652 472	5 545 243	49 429 981	516 253 557	3 272 284	569 523	2 442 000	3 267 155	3 016 652	513 236 905	-
Total	586 077 069	50 485 997	2385 185 369	395 223 098	-	2626 525 337	175 629 062	28 318 161	2 442 000	159 096 013	47 293 210	2579 232 127	-

Appendix B (1) : Analysis of PPE (Reconciliation of carrying value)

APPENDIX B(1): PROPERTY, PLANT AND EQUIPMENT										
30 June 2008										
Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Housing Development Fund	Leased Infrastructure	Intangible Assets	Investment property	Total
	R	R	R	R	R	R	R	R		R
Carrying values at 1 July 2007	**12 426 196**	**245 280 574**	**15 826 349**	**-**	**47 164 409**	**-**	**2 052 912**	**3 444 064**	**-**	**326 194 503**
Cost	154 314 193	372 855 321	26 325 921	-	80 314 525	-	201 887	450 764	-	**634 462 611**
Adjustments/Correction of error	(3 710 444)	(9 764 289)	(1 807 223)	-	(25 818 711)	-	3 014 423	6 265 583	-	**(31 820 661)**
Accumulated depreciation	19 123 392	117 810 458	8 692 350	-	(11 896 641)	-	1 163 398	3 272 283	-	**138 165 240**
-cost	19 946 296	118 328 970	8 785 728	-	29 292 774	-	754 811	525 984	-	**177 634 563**
-Correction of error	(822 904)	(518 512)	(93 378)	-	(3 725 592)	-	408 587	2 746 299	-	**(2 005 500)**
Acquisitions	2 066 826	50 447 017	1 023 425		13 661 032		1 641 900	-	31 373	**68 871 574**
Reclasification	49 429 981							-	49 429 981	**98 859 962**
Implementation of GAMAP	207 741 397	1594 365 141	44 546 600		4 039 558			-	279 781 880	**2130 474 576**
Capital under construction	-	33 921 117	-	-	-	-	-	-	-	**33 921 117**
Increases/decreases in revaluation									185 839 219	**185 839 219**
Depreciation	1 756 102	19 085 918	980 430	-	5 010 114	-	916 074	569 523	-	**28 318 161**
-based on cost	1 756 102	19 085 918	980 430		5 010 114		916 074	569 523		**28 318 161**
-based on revaluation		-								**-**
										-
Carrying value of disposals	109 648 179	210 982 617	-	-	12 028 218	-	49 945	2 278 088	-	**334 987 047**
Cost/revaluation	109 648 179	346 526 152	-		32 280 244		83 242	5 545 243		**494 083 060**
Accumulated depreciation	-	135 543 534	-		20 252 027		33 297	3 267 155		**159 096 013**
Impairment losses	-	-	-	-	-	-	-	-	2 442 000	-
Other movements	-	-	-	-	-	-	-	-	-	-
Carrying values at 30 June 2008	**279 314 280**	**1,693,945,314.45**	**60 415 944**	**-**	**29 590 891**	**-**	**2 728 793**	**596 452**	**512 640 453**	**2579 232 127**
Cost	303 904 218	1705 062 445	71 895 946	-	65 734 870	-	1 760 545	(5 094 479)	512 640 453	**2655 903 999**
Correction of error	(3 710 444)	(9 764 289)	(1 807 223)		(25 818 711)		3 014 423	6 265 583		**(31 820 661)**
Accumulated depreciation	20 879 494	1 352 842	9 672 779	-	10 325 269	-	2 046 175	574 652	-	**44 851 211**
-cost	21 702 398	1 871 354	9 766 158	-	14 050 861	-	2 046 175	(2 171 647)	-	**47 265 298**
-Correction of error	(822 904)	(518 512)	(93 378)		(3 725 592)			2 746 299		**(2 414 087)**

Appendix B (1) : Analysis of PPE (Reconciliation of carrying value) continues

APPENDIX B(1): PROPERTY, PLANT AND EQUIPMENT
30 June 2008

Reconciliation of Carrying Value	Land & Buildings	Infrastructure	Community	Heritage	Other	Housing Development Fund	Leased Infrastructure	Intangible Assets	Investment Property	Total
	R	R	R	R	R	R	R	R		R
Carrying values at 1 July 2006	**120,393,682.00**	**211,269,474.00**	**16,243,579.00**	**-**	**35,302,993.00**	**-**	**2,605,836.00**	**3,519,283.62**	**-**	**389,334,847.62**
Cost	139,839,418.00	323,236,686.00	25,823,837.00	-	68,022,559.00	-	-	-	-	556,922,500.00
Correction of error	-1,198,212.00	-2,107,732.00	-113,169.00	-	-2,847,469.00	-	3,014,423.00	6,265,583.00	-	3,013,424.00
Adjustments	-89,052.00	-7,656,557.00	-1,651,960.00	-	-7,526,986.00	-	-	-	-	-16,924,555.00
Accumulated depreciation	18,158,472.00	102,202,923.00	7,815,129.00	-	22,345,111.00	-	408,587.00	2,746,299.38	-	153,676,521.38
-cost	18,340,718.00	102,721,435.00	7,832,103.00	-	26,199,489.00	-	-	-	-	155,093,745.00
-Correction of error: Leased Assets							408,587.00		-	408,587.00
-Correction of error: Residual Values	-182,246.00	-518,512.00	-16,974.00	-	-3,854,378.00	-	-	2,746,299.38	-	-1,825,810.62
Acquisitions	5,827,384.00	38,682,139.00	502,084.00	-	12,959,642.00	-	201,886.61	450,764.00	-	58,623,899.61
Capital under construction	8,647,391.00	10,936,496.00	-		-	-	-	1,150,350.00	-	20,734,237.00
Increases/decreases in revaluation	-	-	-	-	-	-	-	-	-	-
Depreciation	1,605,578.00	15,607,535.00	953,625.00	-	3,694,270.00	-	754,811.00	525,984.00	-	23,141,803.00
-based on cost	1,605,578.00	15,607,535.00	953,625.00	-	3,694,270.00	-	754,811.00	525,984.00	-	23,141,803.00
-based on revaluation	-		-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	66,691.00	-	-	-	-	66,691.00
Cost/revaluation	-	-	-	-	667,676.00	-	-	-	-	667,676.00
Accumulated depreciation	-	-	-	-	600,985.00	-	-	-	-	600,985.00
Carrying values at 30 June 2007	133,262,879.00	245,280,574.00	15,792,038.00	-	44,501,674.00	-	2,052,911.61	4,594,413.62	-	445,484,490.23
Cost	154,314,193.00	372,855,321.00	26,325,921.00	-	80,314,525.00	-	201,886.61	1,601,114.00	-	635,612,960.61
Adjustments + Correction of errors	-1,287,264.00	-9,764,289.00	-1,765,129.00	-	-10,374,455.00	-	3,014,423.00	6,265,583.00	-	-13,911,131.00
Accumulated depreciation	19,764,050.00	117,810,458.00	8,768,754.00	-	25,438,396.00	-	1,163,398.00	3,272,283.38	-	176,217,339.38
-cost	19,946,296.00	118,328,970.00	8,785,728.00	-	29,292,774.00	-	754,811.00	525,984.00	-	177,634,563.00
-Correction of error	-182,246.00	-518,512.00	-16,974.00	-	-3,854,378.00	-	408,587.00	2,746,299.38	-	-1,417,223.62

Appendix C : Segmental analysis of PPE

SEGMENTAL ANALYSIS OF PPE
30 JUNE 2008

	Cost						Accumulated depreciation						
	Opening balance	Additions	Under construction	Disposals	Reclassification	Closing balance	Opening balance	Additions	Impairment losses	Disposals		Closing balance	Carrying value
										Depreciation	Impairment losses		
Municipal Manager	7 874 921	-	548 884	5 196 752		3 227 054	5 163 707	947 530		4 941 936		1 169 300	2 057 753
Manager Financial Services	2 336 423	-	1 463 344	709 142		3 090 625	761 880	529 357		275 182		1 016 055	2 074 569
Manager Technical Services	2 634 267	-	838 274	2 121 992		1 350 550	864 870	208 580		791 722		281 728	1 068 821
Electricity - Administration	57 857 151	-	1 057 675	56 706 808		2 208 018	36 995 473	2 001 606		38 179 382		817 697	1 390 321
Electricity - Distribution	44 632 270	3 231 911	382 847 086	39 921 828		390 789 439	5 254 103	2 312 862		7 197 396		369 570	390 419 869
Manager Corporate Services	129 531 651	-	719 102 733	12 760 749	-	835 873 636	16 242 495	1 285 200	2 442 000	1 515 028		18 454 667	817 418 969
Sewerage	80 340 631	6 566 683	413 421 491	79 472 308		420 856 498	25 533 076	4 028 374		29 029 165		532 285	420 324 212
Streets and Stormwater	81 123 145	19 256 811	307 089 044	77 596 596		329 872 404	24 637 816	6 774 130		28 794 660		2 617 286	327 255 118
Water	110 711 443	21 430 592	548 661 127	104 147 958		576 655 204	35 535 071	6 281 559		39 818 386		1 998 244	574 656 959
Cleansing Services	5 922 400	-	2 201 537	2 299 123		5 824 815	2 686 458	480 892		874 071		2 293 278	3 531 536
Health Services	3 704 201	-	-	848 540		2 855 660	1 540 644	108 881		827 086		822 438	2 033 222
Parks, Recreation and Sport Grounds	16 539 364	-	2 324 170	2 379 890		16 483 644	4 240 179	1 105 815		1 336 720		4 009 275	12 474 369
Beaches, C/ Park and Chalets	24 661 529	-	763 992	5 186 605		20 238 916	11 382 373	883 691		2 735 595		9 530 469	10 708 447
Fire Services	4 704 071	-	911 728	511 955		5 103 844	1 797 086	337 976		382 243		1 752 819	3 351 024
Public Safety	7 080 336	-	1 478 405	4 893 717		3 665 024	2 257 814	554 171		2 193 827		618 157	3 046 867
Manager Community Services	6 423 265	-	2 475 879	469 136		8 430 008	736 017	477 536		203 613		1 009 940	7 420 068
TOTAL	586 077 069	50 485 997	2385 185 369	395 223 098		2626 525 337	175 629 062	28 318 161	2 442 000	159 096 013		47 293 210	2579 232 126

Appendix D : Segmental analysis of Statement of Financial Performance

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

2007	2007	2007		2008	2008	2008
Actual income	**Actual expenditure**	**Surplus/ (deficit)**	**SEGMENT**	**Actual income**	**Actual expenditure**	**Surplus/ (deficit)**
R	**R**	**R**		**R**	**R**	**R**
40 013 909	80 612 944	(40 599 035)	Municipal Manager	223 175 200	137 094 297	86 080 902
352 408	5 791 577	(5 439 169)	Manager Corporate Services	719 142	6 272 516	(5 553 374)
-	-	-	Socio Economic Plan and Dev	22 118	1 976 646	(1 954 528)
1 068 619	2 988 834	(1 920 215)	Land and Buildings	1 296 299	3 646 054	(2 349 756)
105 177	2 893 472	(2 788 295)	Libraries	453 388	3 450 009	(2 996 622)
41 029 015	9 950 865	31 078 150	Manager Financial Services	44 536 170	10 962 621	33 573 549
4 105 177	3 431 064	674 114	Manager Technical Services	6 220 141	4 082 750	2 137 391
119 503 841	78 524 906	40 978 934	Electricity	126 821 221	136 228 306	(9 407 085)
19 672 205	28 258 438	(8 586 233)	Streets	8 294 003	28 841 220	(20 547 217)
43 701 369	25 655 825	18 045 544	Sewerage	50 179 875	29 436 462	20 743 413
54 229 262	43 111 918	11 117 344	Water	66 254 731	108 973 602	(42 718 871)
174 528	2 522 407	(2 347 879)	Manager Community Services	886 562	2 040 387	(1 153 825)
6 903 088	7 548 075	(644 987)	Caravan Parks and Chalets	5 373 899	6 574 475	(1 200 576)
78 183	452 624	(374 441)	Cemeteries	87 381	522 171	(434 791)
19 763 265	20 640 483	(877 218)	Cleansing	27 556 505	26 580 953	975 552
10 436 053	10 797 012	(360 959)	Housing	9 879 926	15 066 062	(5 186 136)
10 423 864	16 552 166	(6 128 302)	Public Safety and Rescue Services	7 185 683	18 307 124	(11 121 440)
531 178	13 329 755	(12 798 577)	Parks and Recreation	294 926	13 191 097	(12 896 172)
372 091 140	**353 062 366**	**19 028 774**	Sub Total	**579 237 170**	**553 246 754**	**25 990 416**
4 081 018	3 016 525	1 064 493	Health (Discontinued operations)	281 758	420 212	(138 454)
376 172 157	356 078 891	20 093 267		579 518 928	553 666 966	25 851 962
	(686 496)	686 496	Less inter-dep charges		(1 345 526)	1 345 526
376 172 157	**356 765 387**	**19 406 770**	**Total**	**579 518 928**	**555 012 492**	**24 506 436**

Appendix E (1) : Actual VS Budget (Revenue + Expenditure)

ACTUAL VERSUS BUDGET (REVENUE & EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008					
REVENUE	**2008 Actual (R)**	**2008 Budget (R)**	**2008 Variance (R)**	**2008 Variance (%)**	**Explanation of significant variance greater than 10% versus budget**
Property rates	39 412 827	39 029 531	383 296	1.0%	
Property rates - penalties imposed & collection charges	2 155 837	1 500 000	655 837	43.7%	Income higher than was budgeted for.
Service charges	224 417 182	227 544 404	(3 127 222)	-1.4%	
Rental of facilities & equipment	1 322 650	1 101 662	220 988	20.1%	Redemption on leased assets transferred to external borrowings.
Interest earned - external investments	23 715 122	18 610 495	5 104 627	27.4%	Better Cash flow, creating opportunities to invest.
Interest earned - unamortised discount	2 711	-	2 711		
Interest earned - outstanding debtors	522 081	611 642	(89 561)	-14.6%	Bad debts of R19m was written of during the year, therefor less interest received.
Dividends received	-	-	-		
Fines	2 757 715	5 039 586	(2 281 871)	-45.3%	Fines under collected
Licences and permits	4 257 088	3 727 383	529 705	14.2%	Increase in motor vehicle registrations.
Income for agency services	-	-	-		
Government grants and subsidies	44 377 652	66 265 954	(21 888 302)	-33.0%	R36 280 000 claimed for Flood damages during 07/08 year included in budget, but not yet received.
Other income	224 504 175	113 825 062	110 679 113	97.2%	An amount of R63 312 476 was budgeted for in the Statement of Financial Performance for Contr. From Surplus Acc and R14 806 420 for Contr. From Land Sales which was transferred through the Statement of Changes in Net Assets.
Public contributions, donated/contributed PPE	10 595 524	4 209 600	6 385 924	151.7%	Item budgeted through the capital budget not transferred to revenue during budget process.
Gains on disposal of PPE	1 196 604	140 000	1 056 604	754.7%	Insufficiently budgeted.
Total Revenue	**579 237 170**	**481 605 319**	**97 631 851**	**20.3%**	
EXPENDITURE					
Employee-related costs	101 581 414	108 144 753	(6 563 339)	-6.1%	
Remuneration of Councillors	4 896 255	5 016 116	(119 861)	-2.4%	
Bad debts	3 980 442	8 000 000	(4 019 558)	-50.2%	Provision for bad debts in the 2006/07 financial year was sufficient.
Collection costs	5 350 034	6 415 000	(1 064 966)	-16.6%	Forecast on adjusted budget not fully realised.
Depreciation	27 748 638	9 474 643	18 273 995	192.9%	Amount of R20 227 353 Offset of Depreciation subtracted from the budget amount.
Amortisation - Intangible Assets	569 523	707 931	(138 408)	-19.6%	Assets not classified as Intangible assets as per the GRAP standard transferred to Other Assets.
Repairs and maintenance	30 706 588	33 595 505	(2 888 917)	-8.6%	
Interest on external borrowings	653 875	472 688	181 187	38.3%	Implementation of IAS 39 - Financial Instruments
Bulk purchases	57 157 031	65 338 252	(8 181 221)	-12.5%	Expected increases in electricity tariffs did not realise during the 07/08 financial year.
Contracted services	17 294 692	18 242 588	(947 896)	-5.2%	
Grants and subsidies paid	2 958 645	7 923 628	(4 964 983)	-62.7%	Not as many applications received for subsidies on service charges as was anticipated.
General expenses - other	78 552 367	215 129 721	(136 577 354)	-63.5%	Capital grants of R30 017 771, Capital Replacement Reserve of R78 628 340, Trf. Land Sales R15 000 000, Trf. External Services R10 000 000 budgeted in the Statement of Financial Performance was transferred through the Statement of Changes in Net Assets.
Loss on disposal of PPE	223 297 842	-	223 297 842		
Total Expenditure	**554 747 346**	**478 460 825**	**76 286 521**	**15.9%**	
Surplus for the year from discontinued operations	**16 612**	**158 598**	**(141 986)**	-89.5%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	**24 506 436**	**3 303 092**	**21 203 344**	**641.9%**	

Appendix E (2) : Actual VS Budget (Acquisition of PPE)

ACTUAL VERSUS BUDGET (ACQUISITION OF PPE) FOR THE YEAR ENDED 30 JUNE 2008							
	2008 Actual R	2008 Total Additions R	2008 Under construction R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of significant variances greater than 5% versus budget
Land and Buildings							
Land	146 337 012	146 337 012	-	59 280	(146 277 732)	-246757.31%	Due to the implementation of the GAMAP standards, assets was
Buildings	63 471 211	63 471 211	-	13 833 959	(49 637 252)	-358.81%	recognised on the Financial Statements during the 2007/08 financial
	209 808 223	209 808 223	-	13 893 239	(195 914 984)	-1410.15%	year, to ensure compliance with the applicable GAMAP standards.
Infrastructure							As this transactions are non-cash funded it did not have an effect on
Drains	57 125 273	47 344 441	9 780 832	7 314 188	(49 811 085)	-681.02%	the Cashflow. This has the same effect on all PPE.
Roads	267 798 521	258 014 663	9 783 859	24 450 617	(243 347 904)	-995.26%	
Beach improvements	-	-	-	-	-		
Sewerage Mains & Purif	418 930 347	412 363 664	6 566 683	6 299 818	(412 630 529)	-6549.88%	
Electricity Mains	2 471 879	2 471 879	-	10 381 905	7 910 026	76.19%	
Electricity peak load equip	381 794 870	378 870 839	2 924 031	27 976 254	(353 818 616)	-1264.71%	
Water mains & purification	335 224 474	313 793 883	21 430 592		(335 224 474)		
Reservoirs - Water	209 738 931	209 738 931	-		(209 738 931)		
Water meters	-	-	-		-		
Water mains	22 213 859	22 213 859	-		(22 213 859)		
	1695 298 155	1644 812 158	50 485 997	76 422 782	(1618 875 373)	-2118.32%	
Community Assets							
Parks & Gardens	369 582	369 582	-	463 959	94 377	20.34%	
Libraries	1 550 000	1 550 000	-	684 978	(865 022)	-126.28%	
Recreation grounds	4 322 843	4 322 843	-	1 116 592	(3 206 251)	-287.15%	
Civic buildings	39 327 600	39 327 600	-	-	(39 327 600)		
	45 570 025	45 570 025	-	2 265 529	(43 304 496)	-1911.45%	
Heritage assets							
Historical buildings	-	-	-		-		
Painting & art galleries	-	-	-		-		
	-	-	-	-	-		
Total carried forward	1950 676 403	1900 190 406	50 485 997	92 581 550	(1858 094 853)	-2006.98%	

Appendix E (2) : Actual VS Budget (Acquisition of PPE) continued

ACTUAL VERSUS BUDGET (ACQUISITION OF PPE) FOR THE YEAR ENDED 30 JUNE 2008							
	2008 Actual R	2008 Total Additions R	2008 Under construction R	2008 Budget R	2008 Variance R	2008 Variance %	Explanation of significant variances greater than 5% versus budget
Total brought forward	1950 676 403	1900 190 406	50 485 997	92 581 550	(1858 094 853)	-2006.98%	
Housing rental stock							
Housing rental 1	-	-	-		-		
Housing rental 2	-	-	-		-		
	-	-	-	-	-		
Leased assets (Infrastructure)							
Leased assets (Infrastructure)	1 641 900	1 641 900	-	-	(1 641 900)		
	1 641 900	1 641 900	-	-	(1 641 900)		
Other assets							
Landfill sites	-		-	272 000	272 000	100.00%	
Office equipment	11 933 674	11 933 674	-	6 052 745	(5 880 929)	-97.16%	
Furniture & fittings	585 459	585 459	-		(585 459)		
Bins & containers	-	-	-		-		
Emergency equipment	-	-	-		-		
Motor vehicles	4 041 783	4 041 783	-	1 060 637	(2 981 146)	-281.07%	
Fire engines	-	-	-		-		
Refuse tankers	552 764	552 764	-	1 396 555	843 791	60.42%	
Computer equipment	584 930	584 930	-		(584 930)		
Councillors regalia	1 980	1 980	-		(1 980)		
Conservancy tankers	-	-	-		-		
Watercraft	-	-	-		-		
	17 700 590	17 700 590	-	8 781 937	(8 918 653)	-101.56%	
Non PPE							
Investment Properties	465 652 472	465 652 472	-		(465 652 472)		
Intangible Assets	-	-	-		-		
Agricultural Assets	-	-	-		-		
	465 652 472	465 652 472	-	-	(465 652 472)		
Total	2435 671 366	2385 185 369	50 485 997	101 363 487	(2334 307 879)	-2302.91%	

Appendix F : Disclosure of Grants and Subsidies (According to Section 123 of MFMA)

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 GRANTS AND SUBSIDIES RECEIVED												
Name of Grant	Name of Organ of State or Municipal Entity	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld	Total
			Sept	Dec	March	June	Sept	Dec	March	June	June	
CAPITAL GRANTS												
NER- ELECTRIFICATION	NER	1,040,303.57					500,038.04		115,789.83	2,308,203.27		**(1,883,727.57)**
GLENTANA CARAVAN PARK ABLUTION	Public Contribution			279,570.00				320,289.44	7,610.56			**(48,330.00)**
REPLACE STORM WATER - RESTAURANT GLENTANA	MIG	4,111,937.61					3,286,932.15	3,299,640.35				**(2,474,634.89)**
GLENTANA DRIVE STORM WATER	MIG	2,913,718.16					212,246.29	151,042.57	1,218,794.45	1,307,295.42		**24,339.43**
GBR - UPGRADE SEWER PLANT	MIG	841,817.89		400,000.00			975,466.26	503,047.17	332,379.91	1,292,127.42		**(1,861,202.87)**
KLEIN BRAK - ENLARGE WATER TREATMENT	District Municipality			3,142,951.97	919,300.12	937,747.90	1,958,199.06	1,960,315.90	1,367,262.34	16,144,814.31		**(16,430,591.62)**
SLIPWAY AND ROADS - WOLWEDANS	Masibambani / MIG		88,194.00			435,000.00	370,430.09	198,054.19	760,631.22	1,158,660.33		**(1,964,581.83)**
AZIZANI/ZINYOKA WATER SYSTEM	MIG	900,000.00		200,000.00	417,213.00		159,900.00	2,015,846.82	592,023.12	1,027,379.72		**(2,277,936.66)**
ELUXOLWENI CRECHE	Garden Route Casino			149,232.46				124,729.98	24,502.48			**(0.00)**
SONSKYNVALLEI CRECHE	Garden Route Casino			367,754.26		101,398.25		320,385.43	115,032.21	34,600.00		**(865.13)**
RUITERBOS INFRASTRUCTURE	District Municipality	3,821.00						126,960.82				**(123,139.82)**
GBR/WOLWEDANS PROJECT	Department of Housing		87,257.91				123,803.44	552,162.04	271,515.10	244,679.41		**(1,104,902.08)**
BRANDWAG SPORT FIELDS	PAWC	123,777.78								123,777.78		**-**
SPORT FACILITIES - VAN RIEBEECK STADIUM	PAWC	3,159.13								67,447.33		**(64,288.20)**
F STEENKAMP - MOSSDUSTRIA	Public Contributions		29,771.77				23,844.25		5,927.52			**-**
MOSSGASS	Public Contributions	76,485.03							76,485.03			**-**
A VISSER	Public Contributions			82,378.54						82,378.54		**0.00**
KINANI SERVICE CENTRE	Public Contributions	115,478.40					104,033.78		11,444.62			**(0.00)**
VELVET MOON DEVELOPMENT	Public Contributions	9,231.16							9,231.16			**-**
AZIZANI/ZINYOKA INFRASTRUCTURE	Department of Housing	307,126.84					104,530.95	74,001.62	24,370.06	104,977.01		**(752.80)**
HARTENBOS TENNIS CLUB - FLOODLIGHTS	Pubic Contribution				72,097.70				62,236.70	9,861.00		**-**
POWERTOWN INFRASTRUCTURE	Department of Housing				51,177.25				51,177.25			**-**
HOME OWNERS EDUCATION (CASH DONATION)	George Municipality					19,400.00		229.17	10,159.94	11,047.42		**(2,036.53)**
AZIZANI/ZINYOKA BULK SEWERAGE SYSTEM	MIG					471,000.00				251,665.06		**219,334.94**
HOME OWNERS EDUCATION (PPE DONATION)	George Municipality					4,129.00				4,129.00		**-**
TOTAL CAPITAL GRANTS		**10,446,856.57**	**205,223.68**	**4,621,887.23**	**1,459,788.07**	**1,968,675.15**	**7,819,424.31**	**9,646,705.50**	**5,056,573.50**	**24,173,043.02**	**-**	**(27,993,315.63)**

Appendix F : Disclosure of Grants and Subsidies (According to Section 123 of MFMA) continued

DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
GRANTS AND SUBSIDIES RECEIVED

Name of Grant	Name of Organ of State or Municipal Entity	Opening Balance	Quarterly Receipts				Quarterly Expenditure				Grants and Subsidies delayed/withheld	Total
			Sept	Dec	March	June	Sept	Dec	March	June	June	
OPERATIONAL GRANTS												
UPGRADING HOUSES ASLA PARK - Topstructures	Department of Housing			3,904,537.00				3,904,537.00				-
FRIEMERSHEIM HOUSING PROJECT	Department of Housing	42,243.24								42,243.24		-
KWA/ELANGENI - PHP PROJECT	Department of Housing		2,710,489.09	2,133,617.00			2,237,554.85	853,371.93	497,400.00			**1,255,779.31**
CAPACITY BUILDING	District Municipality		71,849.00						50,671.93	59,400.00		**(38,222.93)**
LGWSETA SKILLS DEVELOPMENT	SETA	813,862.41		110,189.89	89,536.12	39,695.86		373,456.49	17,326.21	253,145.06		**409,356.52**
FINANCE MANAGEMENT GRANT	NATIONAL	742,296.94	500,000.00				356,032.36	181,086.40	184,952.48	51,086.40		**469,139.30**
EQUITABLE SHARE - ALL	NATIONAL		5,685,405.00	4,264,054.00	7,106,756.00		2,347,302.36	5,613,937.52	4,002,492.28	5,092,482.84		**0.00**
RELIEF CHARITABLE FUND	Public Contribution	5,825.44	106,000.00	500.00			40,976.85	16,594.00	6,345.21	16,058.10		**32,351.28**
SUBSIDY NEWS LETTERS - M-Bay	PAWC - Culture Affairs & Sport				1,686.83		347.36	257.37	1,242.02	1,384.73	1,544.65	-
SUBSIDY NEWS LETTERS - D'Almeida	PAWC - Culture Affairs & Sport				1,367.73		385.96		823.51	775.16	616.90	-
SUBSIDY NEWS LETTERS - G/Brak	PAWC - Culture Affairs & Sport				1,040.52		305.88		395.17	339.47		**(0.00)**
SUBSIDY NEWS LETTERS - Greenhaven	PAWC - Culture Affairs & Sport				299.92		305.88		395.17	531.43	932.56	-
SUBSIDY NEWS LETTERS - Hartenbos	PAWC - Culture Affairs & Sport				935.89		253.77	247.90	201.32	232.90		**0.00**
SUBSIDY NEWS LETTERS - Kwanonqaba	PAWC - Culture Affairs & Sport				1,845.96		385.96	558.68	623.22	775.16	497.06	-
CONDITIONAL GRANT-LIBRARY SERVICES	PAWC - Culture Affairs & Sport		77,629.75	77,629.75	153,804.80		145,433.18	153,287.02	181,241.72	181,789.53		**(352,687.15)**
SUBSIDY MAIN ROADS	PAWC								906,117.22		724,893.78	**(181,223.44)**
FLOOD DAMAGE - CLEANSING BEACHES	District Municipality (R26400) + Petro SA (R4000000)				1,406,581.35	1,999,307.25			1,380,181.35	2,344,294.86	318,587.61	-
HEALTH SUBSIDY	PAWC		249,539.25	32,219.11			69,109.41	39,897.02	795.00			**171,956.93**
SPATIAL PLANNING	PAWC			125,000.00			24,945.86	30,229.00		19,377.30		**50,447.84**
GBR - MASTER ELECTRICAL PLAN	Department of Housing					63,000.00				75,980.94		**(12,980.94)**
METER AUDIT + MAINTENANCE STRATEGY	Masibambani				76,500.00				9,774.17	153,508.77		**(86,782.94)**
HOME OWNERS EDUCATION	Department of Housing				50,426.51				6,602.69	7,388.73		**36,435.09**
HOUSING TRANSFER COSTS	Department of Housing									64,050.00	64,050.00	-
SOCIO-ECON. PLANNING/DEVELOPMENT	District Municipality					60,000.00				22,118.02		**37,881.98**
HOUSING OPERATING BALANCE	PAWC										1,098,847.00	**1,098,847.00**
MUNICIPAL SYSTEMS IMPROVEMENT GRANT	PAWC					400,000.00				19,575.00		**380,425.00**
TOTAL OPERATING GRANTS		**1,604,228.03**	**9,400,912.09**	**10,647,746.75**	**8,890,781.63**	**2,562,003.11**	**5,223,339.68**	**11,167,460.33**	**7,247,580.67**	**8,406,537.64**	**2,209,969.56**	**3,270,722.85**
GRAND TOTAL		**12,051,084.60**	**9,606,135.77**	**15,269,633.98**	**10,350,569.70**	**4,530,678.26**	**13,042,763.99**	**20,814,165.83**	**12,304,154.17**	**32,579,580.66**	**2,209,969.56**	**(24,722,592.78)**